ATTACHMENT 3

National Football League's Salary Cap Policy

This attachment provides general information on the National Football League's salary cap policy and its effect on the number of newly-constructed stadiums around the League.

The NFL salary cap is the amount that each NFL team is allowed to spend on player contracts and player benefits mandated under the League's collective bargaining agreement with the NFL Players Association (NFLPA). The NFL adopted its salary cap provisions in 1993 and the cap first applied to the 1994 season. The current salary cap provisions for the NFL are in place through the 2002 season (or 2003 if an allowable extension year is agreed upon), which coincides with the current labor contract between the NFL and the NFLPA. Any changes to the current policy require NFLPA approval. A team's salary cap on total player salaries is determined by a formula that is generally based on League ticket revenues and revenues from the sale of national radio and television broadcast rights. Such revenues are the primary sources of shared revenue under the NFL's revenue sharing policies. As part of the League's collective bargaining agreement with the NFLPA, there is also a minimum percentage of the salary cap amount that teams are required to pay players from these revenues.

Prior to each NFL season, League and player auditors determine the League's overall salary cap and each team's salary cap. The salary cap for each year is effective on the opening day of play for that season. During an NFL season, each team is only allowed to have 53 active players under contract at any given time. In addition, at any one time, each team may have five practice squad players signed to $60,000 per year contracts. However, that team may also be paying injured players and players who are no longer with the team, but who are still receiving compensation under the terms of their contract. At the same time, releasing players contractually may reduce a team's compensation obligations during a season by the amount of base salary not yet paid to such players and any unearned incentives in such players' contracts. Individual player compensation amounts that are subject to League salary cap policies, and any adjustments for players no longer with a team or reserves, are totaled to determine a team's salary cap amount, which cannot exceed that team's salary cap limit established by the League.

No team is permitted to exceed the salary cap. In the event a team makes a player transaction that leads to the salary cap being breached, the team is required to make whatever subsequent player transactions that would be necessary to bring the team under its salary cap amount for that team. The League has authority to take a variety of actions, including fines, against teams that violate the salary cap limit in a given year.

Teams also set aside amounts within their salary cap for certain types of players. For example, while not required, it is general practice for teams to keep a reserve amount, within the salary cap limit, to cover the addition of players due to injury or the release of other players. Further, within the salary cap is a rookie salary pool that establishes the maximum salary cap amounts that teams can spend on rookies, including draft picks. Each team's rookie salary pool is a salary cap amount that takes into account the number and placement in the NFL player draft order of each team's picks.

This attachment discusses three primary areas of annual, NFL player compensation and how the League treats each type of compensation for salary cap limit purposes: (a) base salary compensation; (b) incentive-based compensation; and (c) contract signing bonus compensation. Individual player contracts may contain one or more of these types of compensation. However, not all of these types of player compensation are treated equally under the League's salary cap rules.

Base Salary Component

A player's annual, base salary amount counts 100% towards the League salary cap. For example, if a player signs a three-year contract that pays a base salary of $800,000 in the first year, that first year amount counts toward the annual salary cap for that year. The League requires teams to pay a minimum base salary amount that increases depending on a player's tenure with the League. That is, a team is required to pay a higher base salary amount to a ten-year veteran than to a two-year veteran.

Incentive-Based Compensation

Incentive-based contracts are made-up of two categories: likely-to-be-earned incentives and not-likely-to-be-earned incentives. Likely-to-be-earned incentives are those incentive goals that are considered by the League to be attainable after taking into consideration a player's performance during the prior season. For example, a contract incentive that would pay a player who rushed for 1,000 yards in the past season a bonus for rushing for 500 yards in the current season would be considered a likely-to-be-earned incentive. Likely-to-be-earned incentives are treated the same as base salary for salary cap purposes. Not-likely-to-be-earned incentives are generally those incentives that would not be valued as likely-to-be-earned based on the player's performance during the previous season. These incentives only count against a team's salary cap if the incentive is attained.

Prior to each season, League officials review each player contract entered into by a team to determine into which category each of the incentive portions of the contract are to be placed. At the end of each season, League officials reconcile incentive-based contracts against the League's salary cap. A team receives a credit against the current-year salary cap for every incentive considered to be a likely-to-be-earned incentive that is not attained. Conversely, each incentive amount that is earned by a player that was earlier categorized as a not-likely-to-be-earned incentive is assessed against that team's current-year salary cap. If the reconciled amounts on incentive contracts exceed the current-year salary cap amount for that team, the amount in excess of the current-year salary cap is assessed against that team's subsequent-year salary cap.

Contract Signing Bonuses

A recent trend under NFL salary cap rules has been an increase in the payment of substantial contract signing bonuses, which are treated differently for annual salary cap purposes. Contract signing bonuses are generally up-front, guaranteed monies provided to players who sign long-term contracts. The bonus money is likely paid in the year the contract is signed. However, deferred bonus payments that are made over more than one season have also occurred.

While signing bonuses can make up a significant portion of a player's compensation in the early years of a contract, NFL salary cap policies allow the signing bonuses to be prorated over the life of the contract or through the 2005 NFL season (three years beyond the current collective bargaining agreement), whichever comes first. The following table indicates how the salary cap limit would apply to a player who signed a five-year, $25 million contract in 1999 that has an escalating base salary and includes a $10 million signing bonus.

Treatment of Contract Signing Bonuses Under the NFL Salary Cap ($ in Millions)

Season	Base Salary	Prorated Signing Bonus	Salary Cap Amount
1999	$2.0	$2.0	$4.0
2000	2.0	2.0	4.0
2001	2.5	2.0	4.5
2002	3.5	2.0	5.5
2003	5.0	2.0	7.0
Total	$15.0	$10.0	$25.0

Two specific requirements can alter how the signing bonuses are counted against the League salary cap limit. First, if a player is released by the team, the remaining, yet to be prorated, amount of that player's signing bonus is counted against that team's salary cap limit in that season, or the subsequent season, depending on the date the player is released. Second, in order to prevent teams from paying low base salaries and high signing bonuses in order to circumvent League salary cap limits, the League instituted a rule requiring that a player's base salary in each of the first three years of a contract must equal, or exceed, the prorated amount of that player's signing bonus. Using the example shown in the above table, under this rule, the contract could not have contained a base salary during the 1999 through 2001 seasons that was less than $2.0 million per year.

Despite these additional requirements, some contend that, with signing bonuses, NFL teams have found a way to partially circumvent the NFL salary cap limits. Others have noted that consistently paying high, guaranteed, signing bonuses to a number of players for several years has proven costly and can result in long-term salary cap problems for a team.

The recent trend toward large signing bonuses seems to indicate that the actual payroll cost for a team in a given year can significantly exceed the salary cap limit. For example, the player contract shown in the earlier table would have cost that team $12.0 million in the first year of the contract, despite the fact the salary cap amount associated with the contract in the first year would have been only $4.0 million. It is argued that, despite the salary cap limitations, the trend toward and the allowance of large signing bonuses provides a competitive advantage in signing players to wealthy franchises that have the resources to pay them. Consequently, the ability of a franchise to generate revenues that are not shared with the League is seen as being increasingly important in remaining competitive in the player market.

Recognizing the advantages of increased revenue, several franchise owners have recently claimed that high revenue-producing stadiums are needed in order for their teams to remain competitive in the player market. Most new NFL stadiums are being constructed with a greater number of club seats and private boxes, stadium clubs containing restaurants or pubs, and with the ability to hold non-football related events, such as concerts, conventions or other meetings. The revenues from any of these added stadium components or events would not have to be shared with other franchises in the League and would, therefore, be available to help a franchise better compete in the player market.

Legislative Fiscal Bureau
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March 17, 2000

TO: Representatives Ziegelbauer and Cullen

FROM: Al Runde, Fiscal Analyst

SUBJECT: Summary of LRB s0449: Lambeau Field Renovation Proposal

As you requested, this memorandum provides a summary of LRB s0449, a substitute amendment to Assembly Bill 892. The substitute amendment would allow a county with a population of more than 150,000 to borrow money or issue bonds to construct or renovate football stadium facilities, if the football team using the stadium facility belongs to a league meeting certain requirements. The amendment would also allow such a county to use the revenues from its 0.5% county sales and use tax, authorized under current law, to reduce the additional property taxes imposed for purposes related to football stadium facilities. The substitute amendment would also include the construction or renovation of football stadium facilities as a regional project for the purposes of county and municipal cooperative arrangements. Finally, it would create certain state sales and income tax exemptions.

County Borrowing For Football Stadiums Purposes

Authority to Issue Bonds. Under current law, any county authorized to levy a tax may borrow money or issue bonds to finance any project undertaken for a public purpose. The amount of borrowing or bonds issued is subject to certain referendum requirements and the county debt limit. LRB s0449 would specify that the Legislature determines that the provision of financial and other assistance by a county with a population of at least 150,000 to construct or renovate football stadium facilities would serve a public purpose by providing recreation, encouraging economic development and tourism, reducing unemployment and bringing needed capital into the county for the benefit of people in the county.

LRB s0449 would specify that a county could not issue bonds or promissory notes for purposes related to football stadium facilities unless: (a) the county board enacts an ordinance authorizing the issuance of a specified maximum amount of bonds or notes; and (b) the county board's ordinance is approved by the majority of the electors in the county voting on the ordinance at a referendum to be held not earlier than 45 days after enactment of the ordinance. The referendum could be held at any spring or general election or any spring or September primary, or at a special election called by the county board for that purpose. The question to be submitted would have to be specified by the county board and would have to include the maximum amount of the bonds or notes that the county proposes to issue.

Football Stadium Facilities. Under LRB s0449, a football stadium would be defined as a stadium that is principally used as the home stadium of a professional football team at the time that bonds are issued for purposes related to the construction or renovation of football stadium facilities. If no home stadium exists at the time that such bonds or promissory notes are issued, football stadium would mean a stadium that includes the site of a proposed home stadium of such a team.

LRB s0449 would define football stadium facilities as football stadium property, intangible or intangible, including spectator seating of all types, practice facilities, parking lots and structures, garages, restaurants, parks, concession facilities, entertainment facilities, facilities for the display or sale of memorabilia, transportation facilities, and other functionally related or auxiliary facilities or structures.

LRB s0449 would define a home stadium as the principal site of a stadium that is home to a professional football team and that is approved by a league to which a professional football team belongs for use as a home stadium for that professional football team. In addition, a professional football team would be defined as a team that is a member of a league of professional football teams that have home stadiums in at least 10 states and a collective average attendance for all league members of at least 40,000 persons per game over the five years immediately preceding the year in which the county issues bonds or promissory note for purposes related to the construction or renovation of football stadium facilities.

County Sales and Use Tax Authority

Currently, counties may adopt 0.5% sales and use taxes that are imposed on the same goods and services that are subject to the state sales and use taxes. However, county sales and use taxes may only be imposed for the purpose of directly reducing the property tax levy. LRB s0449 would specify that this purpose includes reducing the additional property taxes imposed for purposes related to football stadium facilities.

Cooperative Arrangements Among Counties and Municipalities

Under current law, a county board may join with the state, other counties and municipalities in a cooperative arrangement for the acquisition, development, remodeling, construction, equipment, operation and maintenance of land, buildings and facilities for regional projects, whether or not such projects are located within the county. LRB s0449 would specify that the construction or renovation of football stadium facilities is included in the definition of a regional project.

State Tax Exemptions

Sales Tax Exemption. Under current law, the state sales tax applies to admissions to athletic and entertainment events unless specifically exempted by the statutes. LRB s0449 would create a sales tax exemption for a license or other right to purchase admission to events at a football stadium that is granted by a municipality, a professional football team or related party (defined as a corporation or business entity that is owned, controlled or operated by, or under common control with, a professional football team). The exemption would be limited to a one-time license or right to purchase admission to professional football games at such a stadium if the person who buys the license or right is entitled, at the time the license or right is transferred to the person, to purchase admission to at least three professional football games in this state during one football season. This exemption would not apply to a license or right to purchase admission sold after December 31, 2003.

Income Tax Exemptions. LRB s0449 would provide exemptions from the state individual income tax and corporate income tax for any interest earned on bonds issued by a county for purposes related to football stadium facilities. These exemptions currently apply to interest income on bonds issued by a local professional baseball park district and local exposition center districts.

These exemptions would first apply to tax years beginning on January 1, 2000.

I hope this information is helpful. Please contact me if you have any further questions.

AR/dls

	Plan "A"	Plan "C"
		03/17/2000 Draft #6
PROJECT		
$160M	Yes	Probably, but **Negotiable** by local elected officials
Maintenance	$4M+ 3% per year	**Negotiable**, as above
Future Naming Rights?	Not included	**Negotiable**, as above, now or in the future
Future PSLs?	Not included	**Negotiable**, as above, now or in the future
Other Revenues	Ticket fees/user fees	Same
SALES TAX		
Referendum	YES	YES
Amount	0.50%	0.50% or less? bill could allow using less than entire half cent ???
Future tax capacity	Up to 6% total sales tax rate	limited to 5.5% total sales tax rate
"Hard" cap, sunset date possible?	No -- vague	Yes -- because G.O. bonds not "connected" to the tax
DEBT SERVICE	Revenue Bonds	General Obligation Bonds- **less costly**
State backing	State Moral Obligation	Moral Obligation - not needed
Taxation	Income Tax Exempt	Same
"Hard" cap on amount borrowed	No - excesses restrained but not prevented	Yes - because of County Board control of borrowing
ENTITY	Creates New Unit of Local Government	Inter Governmental Agreement -IGA
Governance	7 person board	Determined by IGA
Admin exp	Vague -$500,000/year ??!!	Controllable by local elected officials
Accountability	One time referendum for tax	**Annual** oversight by local elected officials
Taxation w/ representation??	NO!! **One time** vote creates tax	Annual budget oversight by local elected officials elected by the same taxpayers bearing the burden
New tax exemptions	Creates property and sales tax exemptions	**Only** regarding sales tax on user fees
ROLE OF THE STATE		
Governor appointments	Yes - 2	Not needed
Trans revs ?	Authorized for future budgets	Already possible
Moral Obligation to pay Debt ?	Yes	No - not needed for County G.O. bonds

ROLE OF THE BROWN COUNTY BOARD, EXECUTIVE, CITY AND VILLAGE OFFICIALS

Schedule referendum	Limited	Yes
Determine referendum question	No	Yes
Negotiate details of project including main & adm expenses with Packers	No	Yes
Negotiate use of other private sector revenue sources in project	No	Yes
Annual oversight of Board which operates Stadium	No	Yes
Be accountable for continuing operational and funding issues to Brown Cnty taxpayers	No	Yes

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Legislative Fiscal Bureau
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March 17, 2000

TO: Representatives Gard and Ziegelbauer

FROM: Al Runde, Fiscal Analyst

SUBJECT: Proposed Changes to AB 892: Lambeau Field Renovation Proposal

As you requested, this memorandum summarizes changes to AB 892 that would be made by Assembly Substitute Amendment ___ (LRB s0448).

Composition of District Board of Directors

Time Frame for Board Appointments. The bill would not specify a time frame as to when each appointing authority would be required to make their appointments to the District board. LRB s0448 would require that the appointing authorities make their appointments to the District board within 30 days after the creation of a professional football stadium district.

Appointments to the Board. The bill would allow the Governor to appoint one member to the District board who would not have to reside in Brown County and would allow the Governor to appoint the District board chair. Under the bill, the board would be required to elect a vice-chairperson, secretary and treasurer from its membership. LRB s0448 would require that both of the Governor's appointees be residents of Brown County and that the District board elect the District board chair. LRB s0448 would also specify that the board secretary would serve as clerk to the board.

Removal of Board Appointees. Under the bill, District board members may be removed prior to the end of their terms by the appointing official, but only for cause (defined as inefficiency, neglect of duty, official misconduct or malfeasance in office). LRB s0448 would specify that the county and municipal appointees to the District board serve at the pleasure of the appointing authority and may be removed prior to the expiration of their terms.

District Board Authority

Dissolution of the District. LRB s0448 would specify that if the District board adopts a resolution to impose District sales and use taxes for purposes related to football stadium facilities and the resolution is not approved by the electors, the District would be dissolved.

Eminent Domain. Under the bill, the District would be created as a type of local governmental body. Therefore, the District would have eminent domain authority to acquire, by condemnation, any real estate and personal property in cases where such property cannot be acquired by gift or at an agreed price. The District could exercise its eminent domain authority over privately-held properties within its jurisdiction, but could not acquire any current property held by the City of Green Bay, including the City's existing interest in the football stadium facilities. LRB s0448 would delete this authority.

Imposition of District Sales and Use Taxes

Referendum Approval for District Sales and Use Taxes. The bill does not indicate which governmental entity would write the referendum question to approve the District sales and use taxes nor does it indicate the types of information that would have to be contained in the referendum question. LRB s0448 would require that the referendum question be worded as follows "Shall a sales tax and a use tax be imposed at the rate of __% in ______ County for purposes related to football stadium facilities in the ________ Professional Football Stadium District?". Further, LRB s0048 would specify that the current statutory election notice requirements would apply to the referendum.

Referendum Date. Under the bill, the referendum to impose the District sales and use taxes would be held on a date specified by the county board, not earlier than 45 days nor later than one year after the adoption of the resolution by the District board. LRB s0448 would specify that the county shall set a referendum date not earlier than 45 days nor later than 120 days after the District board adopts a resolution imposing the tax.

Allowable Sales and Use Tax Rate. The bill would allow the District to impose any sales and use tax rate up to, but not more than, 0.5%. LRB s0448 would allow the District to impose a sales and use tax rate at one-tenth of one cent increments, up to 0.5%.

Sales and Use Taxes on Purchases in Professional Baseball Stadium Districts. The bill would allow a person purchasing construction materials to be used in a county with a football stadium district sales and use tax to only pay the tax rate associated with a baseball district tax if the materials are purchased in a county that imposes a baseball district tax. LRB s0448 would require that any special district sales and use taxes paid in one county on such purchases would be credited against any special district taxes incurred in the county in which the materials are used.

Use of District Sales and Use Tax Revenues.

Special Revenue Fund. Under the bill, the District board would be required to maintain a special fund to which it could deposit only the sales and use tax revenues received from the Department of Revenue. The revenues deposited to the special fund could be used only for purposes related to football stadium facilities. LRB s0448 would require that the District maintain a single fund that contains only District sales and use tax revenues and would require that all of the revenues generated by the District sales and use taxes be deposited to that fund. Further, LRB s0448 would specify that the earnings on the revenues in the fund remain in the fund.

Use of Tax Revenues. Under the bill, if the District board determines that the revenues in the special tax revenue fund exceed current debt service and operating expenses for the operation of football stadium facilities, the board would be required to apply the excess in the following order: (a) to fund a reserve or reserves for maintenance costs, depreciation and capital improvements; and (b) when such reserves are adequately funded to meet the obligations of the District, to retire any bonds, and any bonds issued to fund or refund those bonds, that may have been issued for purposes related to the football stadium facilities.

LRB s0448 would require that the revenues from the special tax revenue fund could only be used for the following;

a. for the purposes of any debt service reserve fund and the annual debt service on revenue obligations (bonds) issued under s. 66.066, including those issued using a state moral obligation pledge;

b. facility maintenance and operating expenses of $4,031,000 for the football stadium facilities in the first calendar year in which a renovated home stadium would be used by a professional football team, plus 3% annual inflation, thereafter, for up to 27 years after the initial maintenance payment is made or until the District board determines that the balance, plus any projected earnings, in any District maintenance and operating reserve fund would satisfy the remaining District maintenance and operating obligations;

c. District administration expenses of $750,000 in the first calendar year beginning after the District sales and use taxes are imposed, $500,000 in the second calendar year beginning after the sales and use taxes are imposed and $200,000 per year, thereafter, for up to 29 years after the initial district administration expenses are paid or until the District board determines that the balance, plus any projected earnings, in any District maintenance reserve and operating fund would satisfy the remaining District administration obligations; and

d. after the annual expenses for debt service, facility maintenance and operation and District administration are covered, the District board would be required to apply any excess annual sales and use tax revenues in the following order: (1) to retire any bonds issued for purposes related to stadium football facilities and any bonds issued to refund those bonds; and (2) to establish a reserve to fund the future facility maintenance and operating expenses and District administration expenses.

LRB s0448 would delete the provision in the bill that would allow the District to establish reserve fund(s) for capital improvements and depreciation associated with football stadium facilities using sales and use tax revenues.

Bonding Authority

Revenue Bond Limit. Under the bill, the District would have authority to issue either public utility revenue bonds or revenue bonds backed by the moral obligation pledge of the state. Both types of bonds would first be backed by the District sales and use taxes. The bill would limit the amount of moral obligation revenue bonds that the District could issue to $160,000,000 outstanding at any one time and would specify that the bonds could be issued no later than December 31, 2004. LRB s0448 would apply these same limits to the District's authority to issue any type of revenue bonds, other than refunding bonds. LRB s0448 would further specify that any bond proceeds used for issuance costs or original bond issue discounts would not apply to the limit for either type of bonds.

State Tax Exemptions

License Fee Exemption. LRB s0448 would create a sales tax exemption for a license or other right to purchase admission to events at a football stadium that is granted by a municipality, a local professional football stadium district, a professional football team or related party. The exemption would be limited to a one-time license or right to purchase admission to professional football games at such a stadium if the person who buys the license or right is entitled, at the time the license or right is transferred to the person, to purchase admission to at least three professional football games in this state during one football season. The exemption would not apply to a license or right to purchase admission sold after December 31, 2003.

Income Tax Exemptions. LRB s0448 would specify that income of the District would be excluded from taxation under the state corporate income and franchise tax. This would afford the football stadium district with the same tax-exempt status provided to other local governmental units, including a local professional baseball park district and local exposition districts.

LRB s0448 would also provide exemptions from the state individual income tax and corporate income tax for any interest earned on bonds issued by a local professional football stadium district. These exemptions currently apply to interest income on bonds issued by a local professional baseball park district and local exposition center districts.

These exemptions would first apply to tax years beginning on January 1, 2000.

General Issues

Prevailing Wage. Under the bill, public works projects constructed by the District would be subject to the state's prevailing wage requirements. However, the bill would allow the District to contract with a professional football team, or related party, to acquire and construct football stadium facilities. Projects undertaken under such a contract would not be subject to the prevailing wage requirements. LRB s0448 would require that the District could not enter into a contract with a professional football team, or related party, for the construction of stadium facility projects unless the team or related party agrees to meet the state's prevailing wage requirements. This provision would first apply to any such contract that the District and a professional football team, or related party, enter into, extend, modify, or renew on the effective date of the bill.

I hope this information is helpful. Please contact me if you have any further questions.

AR/all

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March 23, 2000

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Senate Bills 493 and 494: Lambeau Field Renovation Proposals

Senate Bills 493 and 494 are both proposals related to the renovation of Lambeau Field. Both bills were introduced by the Senate Committee on Lambeau Field on March 21. Senate Bill 493 was referred to the Senate Committee on Lambeau Field. Senate Bill 494 was referred to the Joint Committee on Finance.

This memorandum summarizes both Senate bills and provides information on the potential state and local fiscal effect of the bills.

SUMMARY OF SENATE BILL 493

County General Obligation Bonding Authority

Under current law, counties can issue bonds and notes for public works projects, including stadiums, subject to certain requirements. The bill would specify that no county that has a population of at least 150,000 could issue bonds or promissory notes for football stadium facilities unless certain conditions are met. First, the county board must enact an ordinance authorizing the issuance of the bonds or notes. Second, the board's ordinance must be approved in a referendum to be held at the next September primary occurring not earlier than 45 days after enactment of the ordinance. The bill would provide that the question to be submitted must be specified by the county board.

The bill would limit the aggregate principal amount of bonds or notes that could be issued by a county that has a population of at least 150,000, other than refunding bonds, to not more than $160,000,000 for purposes related to football stadium facilities.

The bill would provide that if a county that has a population of at least 150,000 issues bonds or notes for the construction or renovation of football stadium facilities, the county must enter into a contract with a professional football team or a related party, unless the county determines that it is not feasible to do so. The contract would require the professional football team or related party to construct or renovate the football stadium facilities.

For the purposes of these provisions, the bill would establish the following definitions:

a. Home stadium would mean the principal site of a stadium that is the home of a professional football team and that is approved by a league to which a professional football team belongs for use as a home stadium for that professional football team;

b. Professional football team would mean a team that is a member of a league of professional football teams that have home stadiums in at least 10 states and a collective, average attendance for all league members of at least 40,000 persons per game over the five years immediately preceding the year in which bonds or notes are issued;

c. Football stadium facilities would include the tangible or intangible property of a football stadium, which would be defined as a stadium that is principally used as the home stadium of a professional football team at the time county bonds or notes are issued to construct or renovate football stadium facilities. If no home stadium exists at the time the bonds or notes are issued, football stadium would mean a stadium that includes the site of a proposed home stadium of such a team. Types of stadium property would include spectator seating of all types, practice facilities, parking lots and structures, garages, restaurants, parks, concession facilities, entertainment facilities, facilities for the display or sale of memorabilia, transportation facilities and other functionally-related or auxiliary facilities or structures; and

d. Related party would mean a corporation or business entity that is owned, controlled or operated by, or under common control with, a professional football team.

Minority and Women's Business Contracting

The bill would specify that a county could not enter into a contract for construction or renovation work or professional services related to the construction or renovation of professional football stadium facilities, for which the county has issued bonds or promissory notes, unless the contractor agrees, as a condition to receiving the contract, that his or her goal is that at least 25% of the employes hired because of the contract will be minority group members and at least 5% of employes hired will be women.

Further, the bill would establish the following minority contracting requirements related to any construction or renovation work and professional services contracts for the construction or renovation of professional football stadium facilities, for which the county has issued bonds or promissory notes:

a. It shall be a goal of the county to ensure that at least 25% of the aggregate dollar value of such contracts be awarded to minority businesses and at least 5% of the value be awarded to women's businesses.

b. If the county's minority contracting goals are not met, the county would be required to make a good faith effort to contract with the technical college district board of the technical college district in which the services are to be performed to develop appropriate training programs designed to increase the pool of minority group members and women who are qualified to perform the contracts.

c. The county would be required to ensure that any contractor, as a condition of receiving the contract, agrees, if the contractor's minority hiring goals are not met, to make a good faith effort to contract with the technical college district board of the technical college district in which the services are to be performed to develop appropriate training programs designed to increase the pool of minority group members and women who are qualified to perform the construction work or professional services.

d. The county would be required to hire an independent person, with previous experience working with minority group members, to monitor the county's compliance with these provisions.

e. The county would be required to develop a mechanism to receive regular reports on the results of the monitor's studies of compliance with minority contracting goals; and

f. If the county or a contractor is unable to meet its stated goals, the monitor would be required to assess whether good faith efforts were made to reach those goals. In making this assessment, the monitor would be required to consider the following:

1. the supply of eligible minority and women's businesses that have financial capacity, technical capacity and previous experience in the areas in which the contracts were awarded;

2. the extent to which the county or contractors advertised for, and aggressively solicited bids from, minority and women's businesses and the extent to which these businesses submitted bids; and

3. the competing demands for the services provided by eligible minority and women's businesses in the areas in which the contracts were awarded.

Prevailing Wage Requirements

The bill would provide that, as it relates to a contract under the bill for the construction or renovation of football stadium facilities that is financed in whole or in part with the proceeds of county-issued bonds or notes, a county that has a population of at least 150,000, a professional football team or a related party would be subject to current law regarding prevailing wage rates for local governmental units. The bill would specify that current law regarding prevailing wage rates on erection, construction, remodeling, repairing or demolition of any public works project would also apply to renovation projects. The bill would also exclude a professional football team or a related party from current law under which a local governmental unit can apply for an exemption from the prevailing wage law, if the unit can show that its employment standards are as high or higher than the prevailing wage law standards.

Public Records

The bill would provide that a professional football team or a related party would be subject to current law governing access to public records. The bill would specify that current law would only apply to records that relate to a contract entered into by the professional football team, or by a related party, for the construction or renovation of football stadium facilities, which is financed in whole or in part by the proceeds of bonds or notes issued under the provisions of the bill.

SUMMARY OF SENATE BILL 494

Packers License Plates

The bill would require the Department of Transportation (DOT) to issue special license plates to persons interested in expressing support of a professional football team whose home field is in a football stadium in this state. SB 494 would create definitions relating to professional football teams and stadium facilities that are identical to those proposed under SB 493. The bill would establish a $15 issuance and reissuance fee for the plate and an annual fee of $25 (or $50 for vehicles registered on a biennial basis), in addition to the fee for registering the vehicle. The bill would specify that, to the extent permitted under current law, the $25 (or $50) fee may be considered a charitable contribution for the purpose of calculating the itemized deduction credit.

From the revenue generated by the $25 annual (or $50 biennial) fee for each football team plate, DOT would retain an amount equal to the Department's initial costs of data processing related to the creation of the plate, or $35,000, whichever is less. Of the remaining revenue, an amount necessary for the payment of reasonable licensing fees relating to the word or words or the symbol on the plate would be deposited in a newly-created, PR appropriation for making such payments. The revenue remaining after the deduction for initial data processing costs and the payment of licensing fees would be deposited in a newly-created, Department of Commerce PR appropriation for making payments to a county (defined as a county with a population of at least 150,000) that the Department of Commerce determines has a football stadium. DOT would be required to identify and record the percentage of moneys that are attributable to each professional football team represented by a plate and to periodically furnish those percentages to the Department of Commerce.

The amount of any payment to a county would be the sum of money credited to the Commerce appropriation in the previous fiscal year that is attributable to the professional football team whose home stadium is in that county. The Department of Commerce would be prohibited from making any such payments to a county unless the county enters into a memorandum of understanding with the Department stating that the county will use any moneys received from the license plates for purposes related to the construction or renovation of football stadium facilities and enters into a memorandum of understanding with the professional football team related to the sale of engraved tiles or bricks (see below).

DOT would be required to: (a) consult with the chief executive officer of the professional football team for which a plate is issued and an authorized representative of the National Football League before specifying the design for the football team plate; and (b) specify one combination of colors for each professional football team for which a plate is issued. DOT would be prohibited from issuing any football team plate until six months after the Department receives information sufficient to determine that any approvals required for the use of any logo, trademark, trade name or other commercial symbol designating the professional football team have been obtained.

The bill would create an exception for any football team plate from a provision that prohibits new special group license plates from being authorized after October 1, 1998, except for those designated under a procedure whereby groups apply for a special group plate and deposit $15,500 with the application.

These provisions would take effect on the first day of the fifth month beginning after publication of the act.

Sale of Engraved Tiles Bricks

The bill would prohibit the Department of Commerce from making any payments associated with the sale of professional football team license plates to a county, unless the county enters into a memorandum of understanding with the professional football team specifying that the team will sell engraved tiles or bricks that may be placed around the football stadium facilities and will use the net proceeds of the sale to fund construction or renovation costs of the football stadium facilities.

Income Tax Exemptions

The bill would exempt from the state individual and corporate income tax and from the income tax on insurance companies any interest earned on bonds issued by a county for purposes related to football stadium facilities. However, as drafted, tax-option (S) corporations would not be able to claim the exemption.

These exemptions would first apply to tax years beginning on January 1, 2000.

FISCAL EFFECT OF THE BILLS

State Fiscal Implications

Income Tax Exemption for Interest on Bonds. Under current law, the interest received by state taxpayers from most bonds issued by local governments is taxable at the state level, and federally tax-exempt. Currently, the only bonds issued by local governments that are state tax-exempt are: (a) public housing authority or community development authority bonds issued by Wisconsin municipalities; (b) Wisconsin municipal redevelopment authority bonds; (c) local exposition district bonds; and (d) local professional baseball park district bonds.

Under SB 494, the interest paid on any county bonds issued for the purposes of professional football stadium facilities would be exempt from the state's individual income tax. The Department of Revenue has indicated that if $160 million in bonds were issued and held by Wisconsin residents, the income tax exemption would reduce revenues by approximately $650,000 in the first year (2001-02). However, it is believed that the Wisconsin investment market does not have the capacity to absorb the full amount of the bond issue. Based on information on the estimated amount of bonds issued by the Wisconsin Center District and the Southeast Wisconsin Professional Baseball Park District that were sold to Wisconsin residents, it is projected that $20 million of county bonds would be purchased by Wisconsin investors if a single $160 million bond issue were sold. It should be noted that this amount could vary significantly depending on how the bond issue is structured.

If it is assumed that most of the Wisconsin investors would be in the top two marginal income tax brackets (6.50% and 6.75% for 2001 and thereafter) and that the bonds would pay an interest rate of 5.9%, the estimated fiscal effect would be a revenue reduction of $76,000 annually in fiscal year 2001-02. In later years, as some of the debt is retired, the loss of general fund revenues would decline. There would be no fiscal impact in the 1999-01 biennium since interest on the bonds would not be paid until 2001 at the earliest. Bonds purchased by out-of-state investors would have no effect on state income tax revenues.

These estimates assume the bill would be modified to provide the exemptions to tax-option (S) corporations.

Department of Commerce. SB 494 would create a continuing, PR appropriation in the Department of Commerce for the purposes of making payments to a county, with a population of at least 150,000, that the Department determines has professional football stadium facilities. The revenues deposited to the appropriation would be those revenues generated from the sale of professional football team vehicle license plates after DOT's initial data processing costs and any licensing fees associated with the use of specific words or symbols on the plate are deducted. The bill would not provide any funding to the Department of Commerce to offset any costs associated with administering these payments.

Department of Transportation. Under SB 494, DOT would be allowed to retain a portion of the revenue associated with the initial data processing costs associated with the sale of specialized Green Bay Packers license plates. DOT would be limited by the amount of those costs or $35,000, whichever is less. DOT would assess a $15 issuance fee for each license plate set to cover the costs to produce and issue the plates. The revenues from the issuance fees would be deposited to the transportation fund.

Department of Revenue Administration. If the county exercises its current authority to impose sales and use taxes to offset the property taxes that would otherwise be used to retire bonds, DOR has the powers necessary to levy, enforce and collect the taxes. DOR would be allowed to retain 1.75% of the sales and use tax revenues for costs associated with the administration of the taxes. It is estimated that a Brown County sales and use tax would generate approximately $16.7 million if the tax were effective for twelve months of collection during calendar year 2001. DOR would retain approximately $300,000 of this amount for the Department's administrative expenses.

Local Fiscal Implications

Senate Bill 493 would limit the amount of county general obligation bonds that could be issued for the construction or renovation of professional football stadium facilities to $160 million. The bill would not require the county to issue bonds for this purpose. If the county issued bonds, the county could determine whether the bonds would be repaid using the county's property tax levy authority or, as a way of reducing the additional property tax levy associated with the bonds, with the current law county sales and use taxes.

The bill would not require the county to fund any ongoing maintenance and operating expenses for the football stadium facility. However, the bill would not prohibit the county from paying for such expenses. The type or amounts of any maintenance and operating expenses that would be paid by the county would likely be part of the lease agreement between the county and the Packers or an intergovernmental cooperation agreement between the county and the City of Green Bay. Under the Packers' proposal, $4,031,000 in facility maintenance and operating costs would be publicly-funded in 2003, the first year of the renovated stadium facility.

The fiscal effect of SB 493 on county taxpayers would depend upon decisions that the county would make on the type of tax used to pay for the construction and renovation of the stadium facility and the type and amount, if any, of maintenance and operating expenses that would be county-funded. For the purpose of illustration, four scenarios have been prepared to provide an indication of the impact that the bill could have on county taxpayers based on various assumptions as to what the county chooses to fund related to a professional football stadium facility and the type of tax the county chooses to use to pay those costs.

Scenario 1. This scenario assumes that the county would use its property tax levy to make the 20-year principal and interest payments on $160 million in general obligation bonds. It is estimated that debt service payments for Brown County on $160 million of bonds over 20 years would be $13.8 million annually, or $276 million over the life of the bonds, assuming the bonds are issued at a 5.9% interest rate and with a level-payment debt service structure and that no property taxes are allocated to prepayment of the bonds.

Scenario 2. This scenario assumes that the county would impose 0.5% sales and use taxes to offset the property tax costs associated with $160 million in bonding for the stadium project. Further, it assumes the County would use any excess, annual sales and use tax revenues over the required annual debt service amounts on those bonds to offset the property tax cost of bond prepayment. This assumes that no county sales and use tax revenues would be used to offset the property tax cost of operating and maintenance expenses for the football stadium facilities, and that the county would incur no costs or penalties associated with prepaying the bonds.

It is estimated that in 2001, a 0.5% sales and use tax in Brown County would generate approximately $16.4 million, net of DOR administrative costs. Further, it is estimated that this amount will grow by 6% annually, which equals the 20-year, average, annual percentage growth in the state sales tax base. Under current law, DOR would retain 1.75% of the gross tax revenues for administering the county sales and use taxes.

Based on annual debt service costs and estimated, annual sales and use tax revenues, if the revenue bonds were issued early in 2001, it is estimated that the District could repay $160 million of revenue bonds in 10 to 11 years. Due to early repayment of principal, the interest costs associated with issuing $160 million in revenue bonds would be reduced. Assuming the bonds are issued at a 5.9% interest rate, it is estimated that it would take $229 million in revenues to repay the $160 million of revenue bonds ($160 million in principal and $65 million in interest costs) and cover DOR's costs ($4.0 million) associated with administering the taxes.

Scenario 3. This scenario assumes that the county would impose 0.5% sales and use taxes, as provided under current law, to offset the 20-year principal and interest costs on the $160 million in bonds issued for the football stadium facilities, with no bond prepayment. This assumes the county sales and use taxes would be imposed until the 20-year bonds are retired. Any excess sales and use tax revenue, less the DOR administrative skim, would accrue to the county for other purposes.

Based on the estimated county sales and use taxes indicated earlier, it is estimated that approximately $614 million in sales and use tax revenues would be generated over the 20-year period that the bonds are outstanding. These revenues would be used as follows: (a) $276 million to offset the principal and interest costs on $160 million in general obligation bonds issued at 5.9% and held to maturity; (b) $327 million to accrue to the county to offset general county expenditures; and (c) $11 million retained by DOR for administrative expenses.

Scenario 4. This scenario assumes that the county would impose 0.5% sales and use taxes to first offset the annual principal and interest costs on $160 million in 20-year bonds and then offset the annual facility maintenance and operating expenses indicated by the Packers. This scenario also assumes that any excess sales and use tax revenues after these annual costs are offset would first be used to offset the property tax cost of retiring outstanding bonds and then be used to offset the property tax cost of establishing a reserve fund to cover the 30-year facility maintenance and operating costs.

Based on the estimated county sales and use tax revenue and the expense assumptions under this scenario, an estimated $370 million in tax revenues would be needed to fund the 30-year facility maintenance and administration expenses sought by the Packers and to retire the county's revenue bonds. Under this scenario, these expenses would be funded by early 2015.

Packers License Plates and the Sale of Bricks and Tiles

Senate Bill 493 would provide for the sale of a Green Bay Packers license plate and engraved bricks and tiles. The revenue generated from these items would be dependent upon a number of factors, such as design, price, the extent to which people want to show their support for the team through a license plate or a brick/tile and the amount of support for stadium improvements.

Under the bill, revenue generated by the sale of license plates would have to be used by the county for purposes related to the construction or renovation of football stadium facilities. If applied to bond debt service, this would reduce the level of taxes needed for this purpose. Revenue generated through the sale of engraved bricks and tiles would have to be used by the professional football team to fund construction or renovation costs of the football stadium facilities. Since these revenues would not accrue to the county, any impact on the county's costs would, therefore, be indirect.

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March 23, 2000

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: ASA 3 to AB 892: Lambeau Field Renovation Proposal

Assembly Bill 892 is identical to AB 730/SB 384 (Packers Stadium Funding Proposal) except that it would delete all tax exemptions from those bills. Those deleted exemptions are listed below:

a. Sales tax exemptions for parking;
b. Sales tax exemption for the right to purchase admission to events at the football stadium;
c. Corporate income tax exemption for the District; and
d. Individual and corporate income tax exemptions on interest earned on bonds issued by the District.

This memorandum summarizes changes to AB 892 that would be made by Assembly Substitute Amendment 3 to AB 892, which was adopted on a vote of nine ayes and three noes by the Assembly Special Committee on the Renovation of Lambeau Field on March 21, 2000.

Composition of District Board of Directors

Time Frame for Board Appointments. The bill would not specify a time frame as to when each appointing authority would be required to make their appointments to the District board. ASA 3 to AB 892 would require that the appointing authorities make their appointments to the District board within 30 days after the creation of a professional football stadium district.

Appointments to the Board. The bill would allow the Governor to appoint one member to the District board who would not have to reside in Brown County and would allow the Governor to appoint the District board chair. Under the bill, the board would be required to elect a vice-chairperson, secretary and treasurer from its membership. ASA 3 to AB 892 would require that both of the Governor's appointees be residents of Brown County and that the District board elect the District board chair. ASA 3 to AB 892 would also specify that the board secretary would serve as clerk to the board.

Removal of Board Appointees. Under the bill, District board members may be removed prior to the end of their terms by the appointing official, but only for cause (defined as inefficiency, neglect of duty, official misconduct or malfeasance in office). ASA 3 to AB 892 would specify that the county and municipal appointees to the District board serve at the pleasure of the appointing authority and may be removed prior to the expiration of their terms.

District Board Authority

Dissolution of the District. ASA 3 to AB 892 would specify that if the District board adopts a resolution to impose District sales and use taxes for purposes related to football stadium facilities and the resolution is not approved by the electors, the District would be dissolved.

Eminent Domain. Under the bill, the District would be created as a type of local governmental body. Therefore, the District would have eminent domain authority to acquire, by condemnation, any real estate and personal property in cases where such property cannot be acquired by gift or at an agreed price. The District could exercise its eminent domain authority over privately-held properties within its jurisdiction, but could not acquire any current property held by the City of Green Bay, including the City's existing interest in the football stadium facilities. ASA 3 to AB 892 would delete this authority.

Sale of Engraved Tiles or Bricks. ASA 3 to AB 892 would specify that the District would be allowed to sell engraved tiles or bricks, which may be placed in or around football stadium facilities. The net proceeds from the sale of engraved tiles or bricks would be required to be used by the District to retire bonds issued for purposes related to football stadium facilities, to the extent allowable to retain the federal tax-exempt status on any bonds issued by the District.

Imposition of District Sales and Use Taxes

Referendum Approval for District Sales and Use Taxes. The bill does not indicate which governmental entity would write the referendum question to approve the District sales and use taxes nor does it indicate the types of information that would have to be contained in the referendum question. ASA 3 to AB 892 would require that the referendum question be worded as follows: "Shall a sales tax and a use tax be imposed at the rate of __% in ______ County for purposes related to football stadium facilities in the ________ Professional Football Stadium District?". Further, ASA 3 to AB 892 would specify that the current statutory election notice requirements would apply to the referendum.

Referendum Date. Under the bill, the referendum to impose the District sales and use taxes would be held on a date specified by the county board, not earlier than 45 days nor later than one year after the adoption of the resolution by the District board. ASA 3 to AB 892 would specify that the county board shall set a referendum date not earlier than 45 days nor later than 120 days after the District board adopts a resolution imposing the tax.

Allowable Sales and Use Tax Rate. The bill would allow the District to impose any sales and use tax rate up to, but not more than, 0.5%. ASA 3 to AB 892 would allow the District to impose a sales and use tax rate at one-tenth of one cent increments, up to 0.5%.

Sales and Use Taxes on Purchases in Professional Baseball Stadium Districts. The bill would allow a person purchasing construction materials to be used in a county with a football stadium district sales and use tax to only pay the tax rate associated with a baseball district tax if the materials are purchased in a county that imposes a baseball district tax. ASA 3 to AB 892 would require that any special district sales and use taxes paid in one county on such purchases would be credited against any special district taxes incurred in the county in which the materials are used.

Contingencies on Public Funding for the Project.

ASA 3 to AB 892 would require that, prior to any District bonds being issued or state transportation funding being provided for the construction or renovation of football stadium facilities within a professional football stadium district, the following would have to occur:

a. the District and the professional football team would have to enter into a lease agreement in which the team agrees to be the professional football league tenant of the facility for at least 30 years;

b. the District and the professional football team would have to enter into an agreement under which the team agrees to purchase any unsold tickets for professional football games at the facility necessary to ensure that, if the game is televised, there will be a live television broadcast of those games within the District's jurisdiction; and

c. the professional football team would have to certify that the team has applied to the National Football League for approval of a policy that would allow any person who pays a user fee to purchase admission to events at a football stadium that is granted by a municipality, a local professional football stadium district, a professional football team or related party, for which a state sales tax exemption is provided, to receive a payment in an amount equal to the user fee from a subsequent person who receives the initial person's right to purchase admission.

Use of District Sales and Use Tax Revenues.

Special Revenue Fund. Under the bill, the District board would be required to maintain a special fund to which it could deposit the only sales and use tax revenues received from the

Department of Revenue. The revenues deposited to the special fund could be used only for purposes related to football stadium facilities. ASA 3 to AB 892 would require that the District maintain a single fund into which all of the revenues generated by the District sales and use taxes would be deposited. The fund could contain only District sales and use tax revenues and donations associated with a state income tax checkoff. Further, ASA 3 to AB 892 would specify that the earnings on the revenues in the fund remain in the fund.

Use of Tax Revenues. Under the bill, if the District board determines that the revenues in the special tax revenue fund exceed current debt service and operating expenses for the operation of football stadium facilities, the board would be required to apply the excess in the following order: (a) to fund a reserve or reserves for maintenance costs, depreciation and capital improvements; and (b) when such reserves are adequately funded to meet the obligations of the District, to retire any bonds, and any bonds issued to fund or refund those bonds, that may have been issued for purposes related to the football stadium facilities.

ASA 3 to AB 892 would require that the revenues from the special tax revenue fund could only be used for the following;

a. for the purposes of any debt service reserve fund and the annual debt service on revenue obligations (bonds) issued under s. 66.066, including those issued using a state moral obligation pledge;

b. facility maintenance and operating expenses of $4,031,000 for the football stadium facilities in the first calendar year in which a renovated home stadium would be used by a professional football team, plus 3% annual inflation, thereafter, for up to 27 years after the initial maintenance payment is made or until the District board determines that the balance, plus any projected earnings, in any District maintenance and operating reserve fund would satisfy the remaining District maintenance and operating obligations;

c. District administration expenses of $750,000 in the first calendar year beginning after the District sales and use taxes are imposed, $500,000 in the second calendar year beginning after the sales and use taxes are imposed and $200,000 per year, thereafter, for up to 29 years after the initial district administration expenses are paid or until the District board determines that the balance, plus any projected earnings, in any District maintenance reserve and operating fund would satisfy the remaining District administration obligations; and

d. after the annual expenses for debt service, facility maintenance and operation and District administration are covered, the District board would be required to apply any excess annual sales and use tax revenues in the following order: (1) to retire any bonds issued for purposes related to stadium football facilities and any bonds issued to refund those bonds; and (2) to establish a reserve to fund the future facility maintenance and operating expenses and District administration expenses.

ASA 3 to AB 892 would delete the provision in the bill that would allow the District to establish reserve funds for capital improvements and depreciation associated with football stadium facilities using sales and use tax revenues.

Bonding Authority

Revenue Bond Limit. Under the bill, the District would have authority to issue either public utility revenue bonds or revenue bonds backed by the moral obligation pledge of the state. Both types of bonds would first be backed by the District sales and use taxes. The bill would limit the amount of moral obligation revenue bonds that the District could issue to $160,000,000 outstanding at any one time and would specify that the bonds could be issued no later than December 31, 2004. ASA 3 to AB 892 would apply these same limits to the District's authority to issue any type of revenue bonds, other than refunding bonds. ASA 3 to AB 892 would further specify that any bond proceeds used for issuance costs or original bond issue discounts would not apply to the limit for either type of bonds.

State Tax Exemptions

License Fee Exemption. ASA 3 to AB 892 would create a sales tax exemption for a license or other right to purchase admission to events at a football stadium that is granted by a municipality, a local professional football stadium district, a professional football team or related party. The exemption would be limited to a one-time license or right to purchase admission to professional football games at such a stadium if the person who buys the license or right is entitled, at the time the license or right is transferred to the person, to purchase admission to at least three professional football games in this state during one football season. The exemption would not apply to a license or right to purchase admission sold after December 31, 2003.

Income Tax Exemptions. ASA 3 to AB 892 would specify that income of the District would be excluded from taxation under the state corporate income and franchise tax. This would afford the football stadium district with the same tax-exempt status provided to other local governmental units, including a local professional baseball park district and local exposition districts.

ASA 3 to AB 892 would also provide exemptions from the state individual income tax and corporate income tax for any interest earned on bonds issued by a local professional football stadium district. These exemptions currently apply to interest income on bonds issued by a local professional baseball park district and local exposition center districts.

These exemptions would first apply to tax years beginning on January 1, 2000.

State Income Tax Checkoff

Professional Football Stadium Debt Service Donations. ASA 3 to AB 892 would create an individual income tax checkoff for debt service payments for bonds related to a local professional football stadium district and specify that the checkoff would first apply to tax years beginning on January 1, 2000. The revenues from the individual income tax checkoff would be deposited to the special fund to which District sales and use taxes are deposited. The checkoff would not apply to tax years beginning after the District has certified to DOR that all bonds issued by the District have been repaid.

The current law requirements associated with the endangered resources income tax checkoff would apply to the newly-established income tax checkoff, including the requirement that the amount of the checkoff would be added to the amount of tax owed by the individual or subtracted from the individual's refund. Also, DOR would have authority to receive revenues in an amount equal to the cost of administering the income tax checkoff in an existing annual appropriation and to expend revenues from that appropriation for administrative purposes.

General Issues

Prevailing Wage. Under the bill, public works projects constructed by the District would be subject to the state's prevailing wage requirements. However, the bill would allow the District to contract with a professional football team, or related party, to acquire and construct football stadium facilities. Projects undertaken under such a contract would not be subject to the prevailing wage requirements. ASA 3 to AB 892 would require that the District could not enter into a contract with a professional football team, or related party, for the construction of stadium facility projects unless the team or related party agrees to meet the state's prevailing wage requirements. This provision would first apply to any such contract that the District and a professional football team, or related party, enter into, extend, modify, or renew on the effective date of the bill.

Prepared by: Al Runde

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March 29, 2000

TO: Senator Joanne Huelsman
Room 5 South, State Capitol

FROM: Bob Lang, Director

SUBJECT: Information Relating to Board of Commissioners of Public Lands Trust Fund Loans

You requested information regarding a proposal to have the Board of Commissioners of Public Lands (BCPL) provide a loan of $160 million for renovation of Lambeau Field from BCPL Trust Funds (the Common School Fund, the Normal School Fund, the University Fund and the Agricultural College Fund). This memorandum provides background on the trust funds and recent historic data relating to the trust funds' year-end fund balances, annual loan disbursement levels and the allocation of interest earnings. It also provides information related to the potential impact of issuing such a loan.

Background

The four BCPL trust funds have been established as non-expendable trusts under the Wisconsin Constitution. The initial funding for each of the four trusts was originally derived from proceeds from the sale of federal lands granted to the state at the time of Wisconsin's admission to the union. In addition, Article X, Section 2, of the Wisconsin Constitution further provides that revenues from penal fines and forfeitures, unclaimed property, escheat property, and miscellaneous proceeds from the sale of Wisconsin's original land records are to be deposited exclusively in the Common School Fund. Under provisions of Chapter 24 of the Statutes, the BCPL may lend the principal in the trust funds to school districts and municipalities for a variety of capital improvement-related public purposes. Loan funds cannot be used for operating budget expenses.

Loan principal repayment amounts are returned to the source trust fund. Interest payments on the loans originating from the Common School Fund and any investment earnings on available balances in that trust fund are distributed annually to the Department of Public Instruction for school library aids. Interest payments and earnings on loans from the other trust funds are distributed annually to the University of Wisconsin System.

Making a Trust Funds Loan Available to A Local Professional Football Stadium District

To provide a loan as has been proposed, the definition of the type of municipality eligible for a direct loan from trust fund assets would have to be modified to specifically reference a local professional football stadium district as an eligible loan recipient. Under current law, trust fund loans may be made to school districts and municipalities, defined as towns, villages, cities, counties, technical college districts, inland lake protection districts and town and municipal sewerage districts. The maximum term of a loan made to a municipal borrower is currently subject to a statutory limit of 20 years. If a loan of more than 20 years' duration were to be made to a local professional football stadium district, a statutory modification would be required.

Maximum annual loan limits to any one school district or municipality and loan interest rates are currently set by BCPL policy and are not specified by statute. Currently, the annual loan limit for any one borrower is $10,000,000. Current annual interest rates are 4.75% for loans with a term of five years or less, 5.25% for loans with a term of more than five years but less than 10 years, and 6.0% for loans with a term of 10 years or more (up to the current statutory limit of 20 years).

BCPL Trust Funds Balances

Information was requested regarding recent levels of year-end balances for the four trust funds managed by BCPL. This information is presented graphically in Table 1 of the attachment and by funding detail for each individual trust fund in Table 2 of the attachment. Balances are shown as of June 30 of each calendar year from 1993 through 1999. Table 2 shows, for each of the trust funds, information on the total amount of outstanding school district and municipal loans on June 30 of each year indicated. In addition, the amount of cash and investments included in the balance for each trust fund on each June 30 is indicated. It is the aggregate amount of cash and investments that is available to BCPL at any time that can be used to respond to new loan requests. However, the amount of cash and investments on hand varies over the course of a year based on additional income [primarily penalty assessments (for the Common School Fund only)], loan repayments and new loans.

Annual Amount of BCPL Trust Funds Loan Disbursements

Information was requested regarding the annual volume of trust fund loans to school districts and municipalities and the impact of a $160 million loan for the Lambeau Field renovation on available loan funds for other municipalities and school districts. Information for fiscal years 1992-93 through 1998-99 is presented graphically in Table 3 of the attachment and by new loan volume and loan recipient type in Table 4 of the attachment. The high level of total loan disbursement activity shown in Tables 3 and 4 for fiscal year 1994-95 was due to the following unique factors that came into play during that fiscal year. First, the BCPL encouraged existing municipal and school district borrowers to restructure and refinance their existing loans. A significant amount of the increased loan volume was due to such refinancings. Second, the BCPL increased the maximum loan amount available to any school district borrower from $1.5 million annually to $5.0 million annually.

Potential Impact of $160 Million Loan on 1999-00 Fund Balances

A question was raised about the impact such a loan would have on the balance that would then be available in these trust funds for loans to other municipalities and to school districts. An indication of this impact can be illustrated by the following. On June 30, 1999, the cash and investments available for new loans totaled $243,481,000. On February 29, 2000, this available balance for loans stood at $200,650,000. If a total of $160 million were to be reserved in this fiscal year for renovations to Lambeau Field, a balance of approximately $40.65 million would remain available for loans to other municipalities and to school districts in fiscal year 1999-00. This would be an amount available for the remainder of this year that is in line with total loan levels for the last few years; data on loans issued to date this year is not currently available. However, this calculation does not reflect additional revenues that will still become available in this fiscal year, as described below.

Two important revenue streams would continue to flow into the trust funds and serve to increase the amounts available for future loans. First, in March of each year, municipal and school district borrowers are required to make principal and interest payments to the trust funds. The amount of principal that will be returned to the available balances in the trust funds (and thus be available for new loans) in March, 2000, is scheduled to total $32,468,500.

Second, each year the Common School Fund receives revenues from penal fines and forfeitures, unclaimed property, escheat property, and certain other miscellaneous proceeds. The Normal School Fund also receives a small amount of revenues from land, timber and lease sales. In 1997-98, these revenue sources generated additional income of $24,593,000 and in 1998-99 they generated an additional $28,790,100 for the trust funds. These amounts are also added to the balances available to be loaned to municipal and school district borrowers.

If the $40.65 million balance estimated above after reserving $160.0 million for a Lambeau Field distribution is increased by: (1) the March, 2000, principal repayment amounts ($32.47 million); and (2) a prorated portion of the projected fine and forfeiture (and other) estimated revenue stream received after February 29, 2000 [$8.90 million of the estimated $26.69 million annual amount, based on the average of the two preceding fiscal years], a total funding balance of $82.02 million would be estimated to be available to fund additional municipal and school district borrowing for the remainder of the 1999-00 fiscal year.

Compared to annual loan figures presented in Table 4, such a projected available balance would exceed the historic amount of total loan disbursements made in six of the past seven fiscal years. While the historic loan distribution data presented in Table 4 is useful in gauging the annual level of municipal and school district borrowing needs, it should also be noted that future loan demand may not necessarily continue to follow the historic trends. Changes in municipal and school district borrowing needs or changes in interest rates could result in future levels of loan demand that are above or below these historic trends.

Use of Common School Trust Fund Interest Earnings

Information was asked about current uses of interest earnings that are distributed from the Common School Fund. Under the Wisconsin Constitution, proceeds accruing to the Common School Fund may be used only for educational and library assistance purposes. Table 5 summarizes the purposes for which Common School Fund interest earnings were appropriated by the Legislature for fiscal years 1997-98 through 1999-00. The allocation of $20 million to the TEACH Board during the 1997-99 fiscal biennium was a one-time allocation by the Legislature for educational technology grants to school districts. [(Note: Interest earnings from the other three, smaller BCPL trust funds (Normal School Fund, University Fund and Agricultural College Fund are all distributed to the University of Wisconsin).]

Potential Impact on Common School Fund Earnings

Trust fund assets that have not been loaned to school districts and municipalities are currently invested in governmental bonds and notes or in the state investment fund (SIF), which is managed by the State Investment Board. The investment earnings accruing to the Common School Fund currently support state aids to school libraries, while the investment earnings of the other three, smaller BCPL trust funds are distributed to the University of Wisconsin. If currently available trust fund assets invested in the SIF were instead loaned to a local professional football stadium district, the programs funded by trust fund earnings would be benefited to the extent that new loans or investment-generated returns are greater than the SIF earnings rate.

For February, 2000, the most recent month for which information is available, the annualized SIF earnings rate is 5.48%. If additional trust fund assets were loaned to a local professional football stadium district at an annual rate of 6.0% (the current BCPL interest rate on 20-year loans), trust fund earnings on the outstanding balances would be increased by 0.52% annually, compared to the current annualized SIF rate of earnings.

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Attachment

ATTACHMENT

TABLE 1

BCPL Trust Funds Balances
(As of June 30 of Each Year)

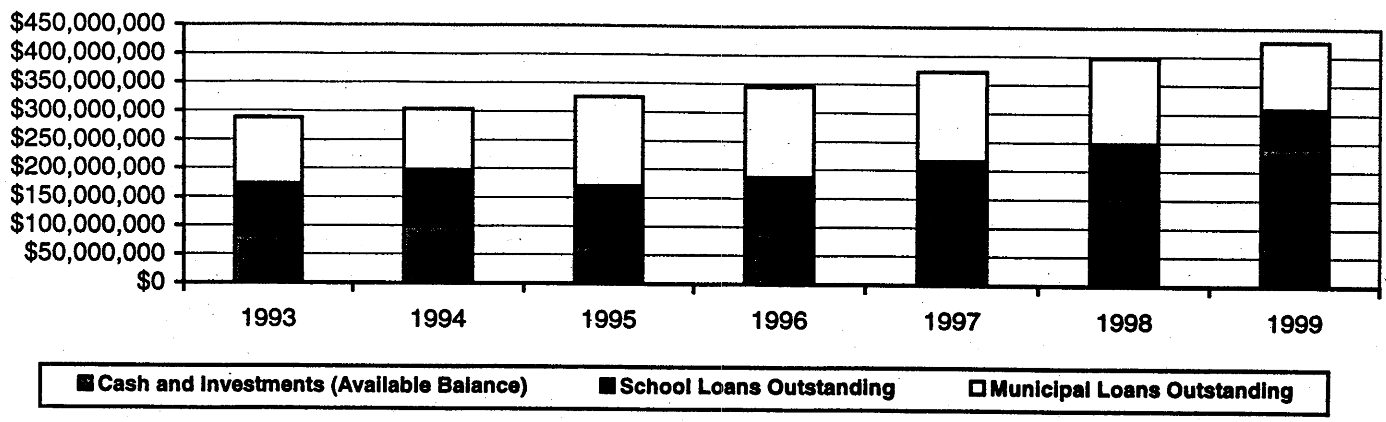


TABLE 2

Individual BCPL Trust Fund Balances
By Fund and Category
(As of June 30 of Each Year)

	1993	1994	1995	1996	1997	1998	1999
Common School Fund							
Cash and Investments	$76,022,300	$88,578,300	$51,504,000	$74,480,800	$102,319,400	$138,092,700	$225,338,800
Outstanding School District Loans	86,270,400	95,248,500	103,154,400	95,722,100	97,364,400	92,975,900	66,046,600
Outstanding Municipal Loans	108,481,900	101,938,600	153,523,700	156,502,300	154,841,100	147,863,700	116,156,000
Subtotal	$270,774,600	$285,765,400	$308,182,100	$326,705,200	$354,524,900	$378,932,300	$407,541,400
Normal School Fund							
Cash and Investments	$6,179,700	$10,436,100	$13,301,500	$14,768,300	$16,020,700	$16,912,700	$17,602,800
Outstanding School District Loans	4,031,100	2,625,000	1,974,700	1,203,700	653,000	357,700	116,500
Outstanding Municipal Loans	7,015,400	4,338,100	2,252,300	1,753,800	1,244,700	940,400	675,000
Subtotal	$17,226,200	$17,399,200	$17,528,500	$17,725,800	$17,918,400	$18,210,800	$18,394,300
Agricultural College Fund							
Cash and Investments	$255,900	$261,300	$266,800	$272,200	$277,700	$305,300	$305,300
Outstanding School District Loans	49,400	44,000	38,500	33,100	27,600	0	0
Outstanding Municipal Loans	0	0	0	0	0	0	0
Subtotal	$305,300	$305,300	$305,300	$305,300	$305,300	$305,300	$305,300
University Fund							
Cash and Investments	$215,700	$221,500	$224,700	$229,400	$231,000	$232,600	$234,100
Outstanding School District Loans	8,900	7,400	5,800	0	0	0	0
Outstanding Municipal Loans	9,500	5,300	3,700	4,700	3,200	1,600	0
Subtotal	$234,100	$234,200	$234,200	$234,100	$234,200	$234,200	$234,100
TOTAL	$288,540,200	$303,704,100	$326,250,100	$344,970,400	$372,982,800	$397,682,600	$426,475,100

TABLE 3

BCPL Trust Funds Loan Disbursements
(1992-93 Through 1998-99)

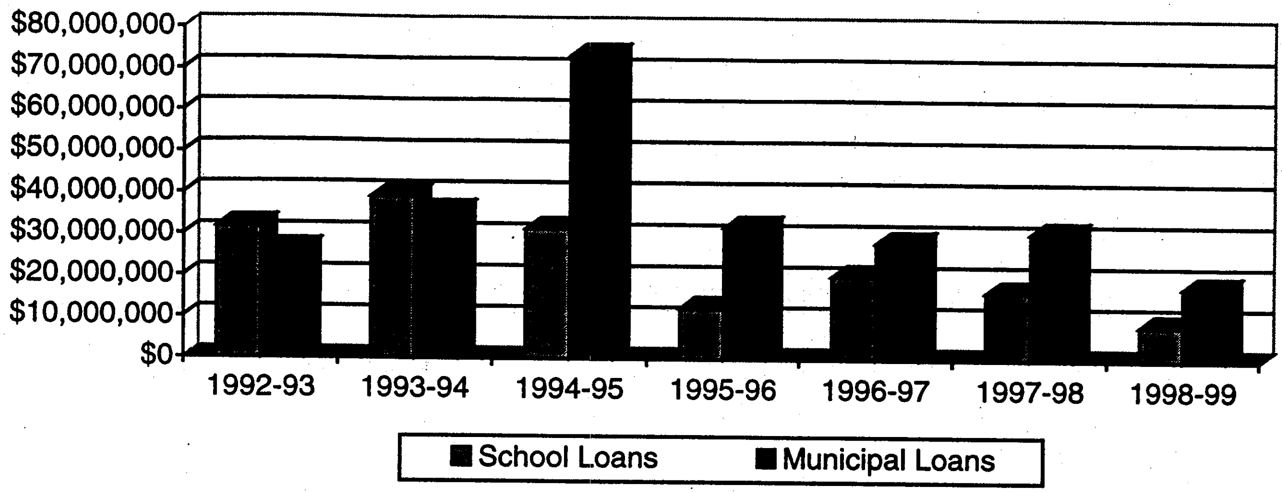


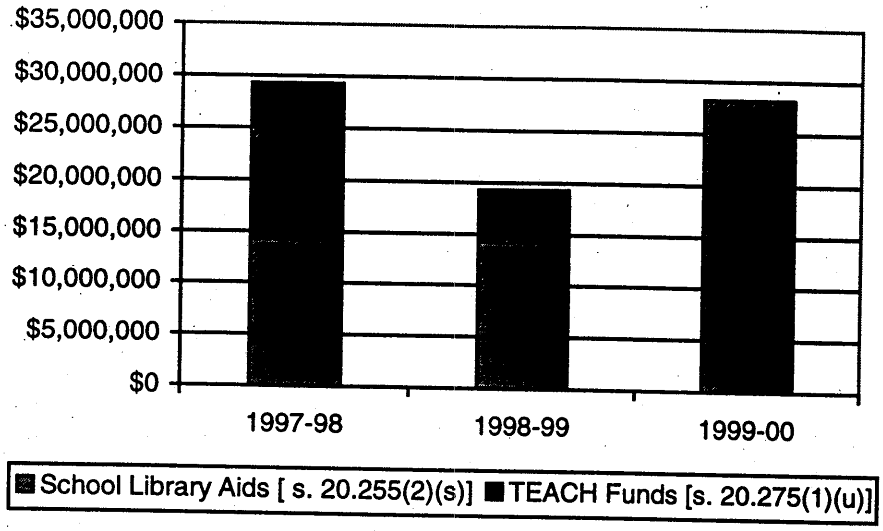
TABLE 4

Number and Amount of Loans Issued by Loan Recipient Type
(1992-93 Through 1998-99)

	School Loans		Municipal Loans		Total	
Fiscal Year	# of New Loans	Total Loan Disbursements	# of New Loans	Total Loan Disbursements	# of New Loans	Total Loan Disbursements
1992-93	72	$31,867,300	178	$26,241,400	250	$58,108,700
1993-94	64	39,134,300	213	35,562,400	277	74,696,700
1994-95	47	31,460,300	303	73,514,600	350	104,964,900
1995-96	14	12,458,400	111	31,985,400	125	44,443,800
1996-97	22	20,298,500	146	28,351,000	168	48,649,500
1997-98	31	16,456,000	113	30,735,000	144	47,191,000
1998-99	17	8,420,400	82	17,749,400	99	26,169,800

TABLE 5

Appropriation of Common School Trust Fund Interest Earnings (1997-98 through 1999-00)



Fiscal Year	1997-98	1998-99	1999-00
School Library Aids	$14,300,000	$14,300,000	$28,200,000
TEACH Funds	15,000,000	5,000,000	0
Total	$29,300,000	$19,300,000	$28,200,000

Legislative Fiscal Bureau
One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

March 31, 2000

TO: Representative John Gard
Room 315 North, State Capitol

FROM: Bob Lang, Director

SUBJECT: Impact of a Facility Maintenance and Operating Agreement

As you requested, this memorandum provides information regarding how the fiscal effect of a Professional Football Stadium District sales and use tax under Engrossed AB 892 would change under an agreement between the City of Green Bay and the Green Bay Packers on facility maintenance and operating costs.

Under Engrossed AB 892, beginning in the third calendar year after the District sales and use taxes are imposed, an amount equal to the lesser of the remaining revenues in the special fund, after debt service and District administration expenses, and $4,031,000 would have to be deposited into a reserve that is used to fund maintenance and operating costs of the football stadium facilities, unless the professional football team, after consulting with the municipality in which the stadium is located, agrees that a smaller amount could be deposited. The $4,031,000 amount would be increased by 3% each year thereafter, unless the team, in consultation with the municipality, agrees to a lesser amount, for 27 years after the initial payment is made.

Subsequent to the passage of the bill in the Assembly, you indicated that an agreement has been reached between the City of Green Bay and the Green Bay Packers to reduce the maintenance and operating costs each year. Under this agreement, the District maintenance and operating expenses would be $3.4 million beginning in the third year after the District sales and use taxes are imposed. In addition, the agreement provides that the employe salary portion of the $3.4 million amount would grow by 3.0% annually and the non-salary portion of that amount would grow by 2% annually, for the remaining 27 years.

You requested information on the change in the fiscal effect of the District sales and use taxes under this agreement, assuming that only the referendum question authorizing the imposition of 0.5% District sales and use taxes would be approved by the voters. Under this scenario, any excess sales and use tax revenues after annual costs are covered would be used to retire outstanding bonds and then be used to establish a reserve fund to cover the 30-year facility maintenance and operating costs of the stadium facilities, including District administration expenses. For purposes of this analysis, it was assumed that salary and non-salary expenses each comprise 50% of the total expenses. It is our estimate that the reduction in maintenance and operating costs to be funded by the sales and use taxes under this agreement would reduce the total sales and use taxes needed for these purposes by approximately $30 million.

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Legislative Fiscal Bureau
One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

JUL 18 2000

July 18, 2000

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: 1999 Wisconsin Act 167: Lambeau Field Renovation

On February 8, 2000, the Joint Committee on Finance voted to introduce Senate Bill 384 and Assembly Bill 730. These bills, which were identical, addressed a proposal to assist in the financing of a renovated stadium (Lambeau Field) for the Green Bay Packers. On March 20, 2000, Assembly Bill 892 was introduced by Representatives Gard and Ziegelbauer. AB 892 was identical to AB 730/SB 384, except that it deleted all tax exemptions from those bills. Those deleted exemptions are listed below:

a. Sales tax exemptions for parking;

b. Sales tax exemption for the right to purchase admission to events at the football stadium;

c. Corporate income tax exemption for the District; and

d. Individual and corporate income tax exemptions on interest earned on bonds issued by the District.

On March 21, 2000, the Assembly Special Committee on the Renovation of Lambeau Field introduced Assembly Substitute Amendment 3 to AB 892 and adopted this amendment on a vote of 12 ayes and zero noes. The Special Committee recommended passage of AB 892, as amended, on a vote of nine ayes and three noes.

ASA 3, as adopted by the Special Committee, was subsequently modified by Assembly Substitute Amendment 4, which was introduced in the Assembly on March 23, 2000. ASA 4 to AB 892, as amended by Assembly Amendments 4, 6, 7 (as amended), 8 (as amended), 11, 16, 18, 20, 21, 22 and 23, passed the Assembly on a vote of 73 ayes and 22 noes, with two paired, on March 24, 2000. ASA 4, as amended, was ordered engrossed by the Assembly Chief Clerk.

On April 6, 2000, the Wisconsin Senate adopted Senate Substitute Amendment 1 to Engrossed Assembly Bill 892, as amended by Senate Amendment 1 to SSA 1. The Senate concurred in Assembly Bill 892, as amended, on a vote of 28 ayes and five noes. On May 2, 2000, the Senate action on the bill was concurred in by the Assembly on a vote of 80 ayes and 19 noes and the bill was ordered enrolled.

On May 13, 2000, the Governor signed the enrolled bill and had it deposited into the Office of the Secretary of State as 1999 Wisconsin Act 167. The Governor indicated in his message to the Assembly that he had exercised his partial veto authority by making two partial vetoes to the bill. Act 167 was published on May 26, 2000, and, except as otherwise provided, became effective the following day.

This paper summarizes the provisions of 1999 Act 167. A summary of the bill provisions affected by the Governor's partial veto is also provided. Lastly, the paper provides information on the state and local fiscal effects of the Act which were prepared at the time of enactment of the legislation.

SUMMARY OF ACT 167

Creation of a Local Professional Football Stadium District

Act 167 creates a special district that will have as part of its name the phrase "Professional Football Stadium District" (District). This District is a local unit of government, a body corporate and politic that is separate, distinct and independent from the state and the political subdivisions within its jurisdiction.

Public Purpose. The Act specifies that the Legislature determines that the provision of assistance by state agencies to a District, any appropriation of funds to a District and the pledge of a state moral obligation for a District's bonds serve a statewide public purpose. The statewide public purpose served is: (a) assisting in the development of professional football stadium facilities in the state that will provide recreation; (b) encouraging economic development and tourism; (c) reducing unemployment; and (d) bringing needed capital into the state for the benefit and welfare of people throughout the state. The Legislature also determines that any sales and use taxes imposed by the District are special taxes that are generated apart from any direct, annual tax on taxable property.

The Legislature further determines that the District serves a public purpose within its jurisdiction by providing recreation, by encouraging economic development and tourism, by reducing unemployment and by bringing needed capital into the District's jurisdiction for the benefit of people in the District's jurisdiction.

Organization of the District

Jurisdiction of the District. A District is made up of any county that: (a) has a population at the date of the District's creation of more than 150,000; and (b) includes the principal site of a stadium that is the home of a professional football team that is a member of a league of professional football teams that have home stadiums in at least 10 states and a collective, average attendance for all league members of at least 40,000 persons per game over the five years immediately preceding the year in which the District is created, provided that the stadium is approved by that team's league for use as the home stadium for that team. Once a District is created, that District's jurisdiction remains fixed even if the population or attendance figures subsequently decline below the minimum required levels. Currently, this definition applies only to Brown County.

Composition of the Board of Directors. The District is governed by its board. The District board is to consist of seven members. The District board members are to be appointed as follows, with the requirement that the initial appointments be made within 30 days after the creation of the District:

a. Three persons appointed by the chief elected official of the most populous city located wholly or partly within the jurisdiction of the District (Mayor of Green Bay), subject to confirmation by a majority of the members-elect of the common council or council;

b. Three persons appointed by the chief elected official in the county in which the football stadium is located (Brown County Executive), subject to confirmation by a majority of the members-elect of the county board; and

c. One person appointed by the chief elected official of any municipality located wholly or partly within the jurisdiction of the District, other than the most populous city located wholly or partly within the District, that has a boundary, at the time of the creation of the District, that is contiguous to a boundary of the site of the football stadium (Village President of Ashwaubenon), subject to confirmation by a majority of the members-elect of the governing body of the municipality.

The District board is required to elect a chairperson, vice-chairperson, secretary and treasurer from its membership. The board secretary serves as clerk of the District. Each person appointed to the board may take his or her seat immediately upon appointment and qualification, subject to confirmation by the confirming authority. The appointing authorities are required to confer with one another regarding their appointments with a view toward achieving diversity on the District board. Upon appointment, the appointing authorities have to certify the appointees to the Secretary of the Department of Administration (DOA).

Terms of Office. The board members serve two-year terms expiring on July 1, except that the initial terms shall expire on July 1 of the fourth year beginning after the creation of the District. The appointees to the District board serve at the pleasure of their appointing authority and may be removed prior to the expiration of their terms. Any vacancies on the board are to be filled by the vacant member's appointing authority. A person appointed to fill a vacancy must serve the remainder of the unexpired term to which he or she is appointed.

Ethics Requirements. District officials are subject to the current statutory code of ethics required for local public officials. District board members are also subject to the statutory code of ethics created in 1995 Act 56 for the Southeast Wisconsin Professional Baseball Park District. Act 167 extends the prohibition on board members of the Southeast Wisconsin Professional Baseball Park District from accepting free or discounted admissions to professional baseball games, so that it also applies to the District and covers professional football games.

Operations of the Board. Upon appointment and qualification of a majority of its members, the District board may exercise the powers and duties provided the District board. The District board is required to name the District and the name has to include "Professional Football Stadium District." A majority of the current membership of the District board constitutes a quorum to do business. The District may take action based on an affirmative vote of a majority of those members of the District board who are present at a meeting of the board. The members of the District board shall be reimbursed for their actual and necessary expenses incurred in the performance of their duties.

Powers of the District

The Act provides that a District has all the powers necessary or convenient to carry out the purposes and provisions of the law creating the District. In addition, the following specified powers are granted to the District.

Imposition of Taxes. The District has the authority to impose, by the adoption of a resolution, sales and use taxes at a rate of 0.5%, except that the imposition of the taxes cannot take effect until the resolution is approved by a majority of the electors in the District's jurisdiction voting on the resolution at a referendum. The referendum must be held at the first spring or September primary that occurs at least 45 days after the District adopts the resolution imposing the taxes. The referendum question must read exactly as follows: "Shall a sales tax and a use tax be imposed at the rate of 0.5% in ________County for purposes related to football stadium facilities in the ___ Professional Football Stadium District?". A District may not levy any taxes except the sales and use taxes that are expressly authorized under the Act. If a District adopts a resolution that imposes taxes, and the resolution is approved by the electors, the District must deliver a certified copy of the resolution to the Secretary of the Department of Revenue (DOR) at least 30 days before its effective date.

The county is also provided authority to receive annual revenues associated with the District sales and use taxes, if this authority is approved by a majority of the electors in the county at referendum. The District referendum question and the county referendum question must appear on the same ballot. The county referendum question must read as follows: "Shall excess revenues from the 0.5% sales tax and use tax be permitted to be used for property tax relief purposes in _______ County?".

The Act specifies that the current statutory election notice requirements apply to the referenda. In addition, the Act specifies that the Type A notice specified in statute is valid even if given and published late, as long as the notice is given and published prior to the referendum election as early as practicable. Currently, under the statutes, a Type A notice, "Notice of Election," must be published once by the clerk of each county, municipality or special purpose district. For a September primary, the notice must be published on or before the 2nd Tuesday in May preceding the September primary.

County Loan. The Act specifies that the District and the county located within the District's jurisdiction may enter into an agreement in which the county agrees to use the proceeds from a loan obtained by the county from the Board of Commissioners of Public Lands (BCPL) for purposes related to the acquisition, construction or renovation of football stadium facilities. Before entering into such an agreement, the District board must consider the relative costs to county taxpayers of using such a loan or issuing bonds for these purposes. If such an agreement is made, the District must pay the county an amount equal to the principal and interest costs incurred by the county each year for the loan, if there are sufficient District sales and use tax revenues for such a payment.

Issuance of Revenue Bonds. The District is provided authority to issue revenue bonds and enter into agreements related to the issuance of the bonds, including liquidity and credit facilities, remarketing agreements, insurance policies, guaranty agreements, letter of credit or reimbursement agreements, indexing agreements, interest exchange agreements and currency exchange agreements. The District also has the power to administer the receipt of revenues and oversee the payment of bonds issued by the District.

Football Stadium Facilities. Football stadium facilities include the tangible and intangible property of a football stadium, which is defined as a stadium that is principally used as the home stadium of a professional football team at the time the District is created. If no home stadium exists at the time the District is created, football stadium means a stadium that includes the site of a proposed home stadium of such a team. Types of stadium property include spectator seating of all types, practice facilities, parking lots and structures, garages, restaurants, parks, concession facilities, entertainment facilities, facilities for the display or sale of memorabilia, transportation facilities and other functionally-related or auxiliary facilities or structures.

In connection with football stadium facilities, the District has the authority to:

a. Establish and collect fees or other charges for the use of its football stadium facilities;

b. Establish and collect fees or other charges for the right to purchase admission to events at the football stadium if the proceeds from any amount that is collected are used for purposes related to the football stadium facilities;

c. Set standards governing the use of, and the conduct within, its football stadium facilities in order to promote public safety and convenience and to maintain order;

d. Acquire, construct, equip, maintain, improve, operate and manage the football stadium facilities as a revenue-generating enterprise, or engage other persons to do so;

e. Acquire, lease (as lessor or lessee), use, transfer or accept transfers of property;

f. Improve, maintain and repair property, and fund reserves for maintenance, depreciation and capital improvements (reserves for depreciation and capital improvements can not be created in the special fund that contains receipts from the District sales and use taxes or in the District football facility maintenance and operating cost fund);

g. Enter into contracts, subject to such standards as established by the District board. The board can enter into contracts for any combination or division of work it designates and can consider any factors in awarding a contract, including price, time for completion of work and qualifications and past performance of a contractor;

h. Grant concessions;

i. Sell or otherwise dispose of unneeded or unwanted property; and

j. Sell engraved tiles or bricks, which may be placed in or around the football stadium facilities. The net proceeds from such sales must be deposited into a District football stadium facility maintenance and operating cost fund to pay a portion of the District's annual facility maintenance and operating costs. No tiles or bricks may be sold if the net proceeds from such sales would exceed an amount that would jeopardize the federal tax-exempt status of the bonds issued by the District.

Dissolution of the District. A District may be dissolved by action of the District's board, subject to providing for the payment of its bonds, including interest, and the performance of its other contractual obligations. If the District is dissolved, the property of the District is to be transferred to the political subdivisions (defined as cities, villages, towns or counties) that compose the District's jurisdiction, in such proportions as the DOA Secretary determines fairly and reasonably represent the contributions of each political subdivision to the development or improvement of the football stadium facilities.

The Act also specifies that if the District board adopts a resolution to impose District sales and use taxes for purposes related to football stadium facilities and the resolution is not approved by the electors, the District is dissolved.

Other Powers. In relation to the general operation of the District, the Act provides the District the authority to:

a. Adopt bylaws to govern the District's activities;

b. Sue and be sued in its own name and plead and be impleaded;

c. Maintain an office;

d. Employ personnel, and fix and regulate their compensation, and provide, either directly or subject to an agreement with another governmental entity, any employe benefits, including an employe pension plan;

e. Purchase insurance, establish and administer a plan of self-insurance or, subject to an agreement with another governmental entity, participate in a governmental plan of insurance or self-insurance;

f. Mortgage, pledge or otherwise encumber the District's property or funds;

g. Maintain funds and invest the funds in any investment that the District board considers appropriate;

h. Promote, advertise and publicize its football stadium facilities and related activities;

i. Establish and collect fees or other charges for services rendered by the District;

j. Enter into partnerships, joint ventures, common ownership or other arrangements with other persons to further the District's purposes;

k. Accept gifts, loans and other aid; and

l. Adopt and alter an official seal.

Duties of the District

Contracting Requirements. Unless the District board determines that it is not feasible, the District must enter into a contract with a professional football team, or related party, that requires the team, or related party, to acquire, construct or renovate football stadium facilities that are part of any facilities leased by the District to the team, or to a related party, without regard to whether the football stadium facilities are financed by the District. A related party is defined as a corporation or business entity that is owned, controlled or operated by, or under common control with, a professional football team.

Under the statutes, if a local government public works contract exceeds $100,000 in price, as indexed biennially by the Department of Workforce Development, the contract must require the prime contractor to obtain a performance bond. For public works contracts between $50,000 and $100,000 (as indexed), the local government entering into the contract can allow the prime contractor to substitute another payment assurance vehicle for the performance bond requirement. Under the Act, public works contracts with the District are not required to include these statutory performance provisions.

Any work or services purchased or contracted for by the District is not considered an undertaking of the state. Therefore, the District is not subject to the purchasing, contracting and bidding procedures required of state contracts.

Minority Contracting Goals. The Act establishes minority contracting goals for the District as well as contractors (defined as a professional football team or a related party or any other person who enters into a contract for construction or renovation work or professional services contracts that relate to the construction or renovation of football stadium facilities that are financed by District-issued bonds). The District must have a goal to ensure that at least 15% of the aggregate dollar value of contracts that relate to the construction or renovation of football stadium facilities be awarded to minority businesses and at least 5% of the aggregate value of such contracts be awarded to women's businesses. Further, the District shall ensure that any person awarded a contract by the District, or by a contractor, for construction or renovation of football stadium facilities or the performance of professional services, agrees as a condition to receiving the contract, that it is his or her goal that at least 15% of the employes hired because of the contract will be minority group members and at least 5% of the employes hired because of the contract will be women.

Further, if the District or contractor is unable to meet the minority contracting goals, they must make a good faith effort to contract with the technical college district board of the technical college district in which the football stadium facilities are to be constructed or renovated or the professional services are to be performed to develop appropriate training programs that are designed to increase the pool of minority group members and women who are qualified to perform the contract work or professional services.

The Act specifies that the District shall hire an independent person to monitor, and a project coordinator to satisfy, the District's and the contractors' compliance with the required minority contracting goals. The person hired must have previous experience working with minority group members. The District must also develop a mechanism to receive regular reports from the person hired regarding the results of the person's studies of compliance with minority contracting goals. If the District or contractor is unable to meet its goals, the monitor has to assess whether good faith efforts were made to reach the stated goals. In making this assessment, the monitor must consider the following: (a) the supply of eligible minority and women's businesses that have the financial capacity, technical capacity and previous experience in the areas in which contracts were awarded; (b) the competing demands for the services provided by such firms; and (c) the extent to which the District or contractors advertised for, and aggressively solicited bids from, minority and women's businesses and the extent to which such businesses submitted bids.

The Act specifies that these minority contracting goals apply to the following: (a) any insurance-funded repair work on football stadium facilities; (b) any post-construction contract related to football stadium facilities for management of the facilities, for professional services and for development services, excluding a post-construction contract for general maintenance of football stadium facilities provided by a political subdivision; and (c) any contractor, subcontractor or any other person, including any subcontractor to such a person, who is awarded or enters into a contract that relates to the construction or renovation of football stadium facilities that are financed by the proceeds of District-issued revenue bonds.

The Act specifies that the Legislative Audit Bureau must conduct an annual audit of the District's efforts to achieve the minority participation and women participation hiring and contracting goals. The Legislative Audit Bureau must distribute a copy of each audit report to the District, the Co-chairpersons of the Joint Committee on Finance and the Co-chairpersons of the Joint Committee on Audit.

Prevailing Wage and Hours of Labor. The District may not enter into a contract with a professional football team, or related party, for the acquisition, construction or renovation of football stadium facilities unless the team, or related party, agrees to meet the statutory prevailing wage and hours of labor requirements for local public works projects. This provision first applies to any such contract that the District and a professional football team, or related party, enter into, extend, modify or renew on the effective date of the Act.

Budget and Accounting. The District must adopt a calendar year as its fiscal year for accounting purposes. The District board has to prepare an annual budget for the District. Rates and other charges received by the District are to be used for general expenses and capital expenditures of the District and to pay interest, amortization and retirement charges on bonds. The District must maintain an accounting system in accordance with generally accepted accounting principles and have its financial statements and debt covenants audited annually by an independent certified public accountant.

Limitations on the District

Facility Naming Rights. The Act specifies that the name of the football stadium may not be changed without the written consent of the municipality in which the stadium is located and the professional football team.

Contingencies on Public Funding for the Project. The Act requires that, prior to any District bonds being issued, the following must occur:

a. The District and the professional football team have to enter into a lease agreement in which the team agrees to be the principal tenant of the football stadium for at least 30 years;

b. The professional football team has to certify that the team has applied to the team's professional football league for approval of a policy that would allow any person who has paid for a one-time license or other right to purchase admission to events at a football stadium that is granted by a municipality, a local professional football stadium district, a professional football team or related party, for which a state sales tax exemption is provided, to receive a payment in an amount equal to the amount they paid from a subsequent person who receives the initial person's license or other right to purchase admission;

c. The District and the professional football team have to enter into a non-amendable agreement under which the team agrees that if the team is sold or if the team's assets are liquidated or the team is transferred to a new owner before the District certifies that all bonds, including refunding bonds, issued for purposes related to football stadium facilities have been retired, the terms of the sale, liquidation or transfer of the team must require the immediate retirement of all outstanding bonds, including refunding bonds;

d. The District and the professional football team have to enter into an agreement that specifies that no engraved tiles or bricks, which may be placed in or around the stadium facilities, may be sold by the team and that engraved tiles or bricks may only be sold by the District; and

e. The District and the professional football team have to enter into an agreement under which $500,000 from the proceeds from District fees or charges for the right to purchase admission to events at the football stadium will be deposited each year into a football stadium facility maintenance and operating cost fund. The agreement must provide that the deposits begin in the first year after the year in which the District sales and use taxes are first imposed and are to continue until District maintenance and operating reserves are fully funded. The agreement must also specify that the $500,000 amount cannot be reduced in any subsequent agreement between the District and the professional football team.

The Act also specifies that the District may not levy any sales and use taxes until the governing body of the municipality in which the stadium facility is located and the professional football team reach an agreement on the following: (a) how to distribute the proceeds, if any, from the sale of naming rights related to the football stadium facilities; and (b) how to fund the maintenance of the football stadium facilities.

Powers of the County or Municipality

County Referendum for a Portion of the District Sales and Use Taxes. The Act provides the county authority to receive annual revenues associated with the District sales and use taxes, if this authority is approved by a majority of the electors in the county at referendum. The county referendum question must be submitted to the electors on the same date as the referendum question related to imposition of the District sales and use taxes.

Other Specific Powers. In addition to any existing powers, the Act specifically grants a county or a municipality (defined as a city, village or town) located wholly or partly within a District's jurisdiction the authority to do the following:

a. Make grants or loans to the District upon terms that the county or municipality considers appropriate;

b. Expend public funds to subsidize the District;

c. Borrow money, by issuing bonds or promissory notes, for football stadium facilities or to fund grants, loans or subsidies to the District;

d. Lease or transfer property to the District upon terms that the county or municipality considers appropriate; and

e. With the consent of the District, establish and collect fees or other charges applicable only to a football stadium for the right to purchase admission to events at the stadium, if the proceeds from any amount that is collected are used for purposes related to football stadium facilities.

Taxation Authority

Taxation by the District. The Act allows a District, subject to the adoption of a resolution of the electors within the District's jurisdiction, to impose 0.5% sales and use taxes. The sales and use taxes are to be applied to the same base of items as the state sales and use taxes. The sales tax applies to the gross receipts from the sale, lease or rental of tangible personal property, or from the selling, performing or furnishing of services within the District's jurisdiction. The use tax applies to goods and services, including construction materials and registered vehicles, that are purchased outside the District, but consumed, used or stored in the District. The sales and use tax imposition, jurisdiction, reporting, transition and motor vehicle registration provisions that apply to the county and local professional baseball park district sales and use taxes also apply to the District's sales and use taxes. The Act requires that any special district sales taxes paid in one county on construction materials to be used in another county with special district taxes would be credited against the use taxes owed the second special district. The imposition of the District's taxes is effective on the first day of the first month that begins at least 30 days after the certification of the approval of the resolution of the electors in the District's jurisdiction.

The District sales tax is also subject to the statutory provision that allows retailers to retain 0.5% of monthly sales tax collections as compensation for their administrative costs.

District Administration of the Tax. The District board must maintain a special fund into which all of the revenues generated by the District sales and use taxes are to be deposited. This fund may contain only these revenues, except that any earnings on the revenues in the fund must also be credited to the fund. Revenues in the fund can only be used for the purposes specified below.

The District sales and use taxes can not be collected after the calendar quarter during which the District board makes certifications to DOR regarding sufficient monies being available to meet the District's obligations. The certifications are required as soon as practicable, after the following: (a) all the bonds and refunding bonds issued for purposes related to the football stadium facilities are retired; and (b) the District has sufficient funds in reserve to meet the District's obligations for facility maintenance and operations and to finance the District's administrative expenses. DOR can collect taxes that accrued before that calendar quarter and any fees, interest and penalties related to those taxes.

With regards to any reporting of sales and use taxes paid by each taxpayer, the District is subject to the same duties of confidentiality to which DOR is subject under current law.

Use of Tax Revenues. The Act requires that the revenues in the special fund to which the District sales and use taxes are to deposited must first be used to pay the annual debt service on revenue obligations (bonds) issued under s. 66.066, including those issued using a state moral obligation pledge.

The next allowable use of District sales and use tax revenues is the annual principal and interest cost on any county loan from the Board of Commissioners of Public Lands for purposes related to the acquisition, renovation or construction of football stadium facilities. Any excess revenues, in any one year, after annual debt service or county loan payments are paid must be used for the following purposes, in the order listed:

a. District administration expenses of up to $750,000 in the first calendar year beginning after the District sales and use taxes are imposed, up to $500,000 in the second calendar year beginning after the sales and use taxes are imposed and up to $100,000 per year, thereafter, for up to 29 years after the year in which the initial District administration expenses are paid or until the District board determines that the balance, plus any projected earnings, in a reserve for District administration expenses are sufficient to pay the District administration expenses throughout this period.

b. Beginning in the third calendar year after the District sales and use taxes are imposed, an amount equal to $3,400,000 less the annual amounts to be paid from the football stadium facility maintenance and operating fund to pay the operating and maintenance costs of the football stadium facilities. The portion of the $3,400,000 used to pay any compensation for employes of a municipality that provides maintenance or operating services for the football stadium facilities can be increased by up to 3% each year thereafter. All other portions of the $3,400,000 may only be increased by up to 2% each year thereafter. These payments are to be made annually for up to 27 years after the year in which the initial maintenance payment is made or until the District board determines that the balance, plus any projected earnings, in the football stadium facility maintenance and operating cost fund are sufficient to pay the specified maintenance and operating expenses throughout this period.

c. Subject to approval of a referendum by a majority of the electors in the District's jurisdiction, any excess, annual sales and use tax revenues that are available after the annual expenses for debt service, county loan payments, facility maintenance and operation and District administration must be paid to the county for the purpose of directly reducing the county's property tax levy or, if the county board otherwise requires, for the purposes specified under "d".

d. If a referendum allowing the county to use part of the tax revenues is not approved, the District must apply any excess, annual sales and use tax revenues, after the annual expenses for debt service, county loan payments, facility maintenance and operation and District administration are paid, for the following: (1) to retire any bonds issued for purposes related to stadium football facilities and any bonds issued to refund those bonds; and (2) to fully fund a facility maintenance and operating cost fund for future facility maintenance and operating expenses and to establish a reserve to pay future District administration expenses. Revenues may be provided to this fund or reserve only after all bonds issued for the purposes of football stadium facilities have been retired or paid in accordance with the defeasance provisions of the authorizing resolution and the District is no longer required to make loan payments to the county on any funds borrowed for this purpose.

DOR Tax Administration. Under the Act, DOR must administer the sales and use taxes on behalf of the District. DOR has all the powers necessary to levy, enforce and collect the taxes as under current law for the county and local professional baseball park district sales and use taxes and make distributions to the District imposing the taxes. Under these provisions, DOR may take any action, conduct proceedings and impose interest and penalties. The Act also provides for judicial and administrative review of DOR determinations. A program revenue appropriation is created to receive monies generated from the taxes.

The Act requires DOR to distribute 98.5% of the taxes reported for each District that imposes the sales and use taxes, minus the District's share of the retailer's discount. DOR must distribute the taxes to the District no later than the end of the third month following the end of the calendar quarter in which the amounts were reported. At the time of distribution, DOR must indicate the taxes reported by each taxpayer. The distribution is to be adjusted to reflect subsequent refunds, audit adjustments and all other adjustments for taxes previously distributed. Interest paid on refunds must be paid, from the appropriation established to receive the tax revenues, at the 9% rate established for other sales tax refunds. After distributions are made, the remaining 1.5% of the revenues must be transferred to a new, sum certain DOR program revenue appropriation for administration of the taxes. Since the Act does not appropriate any funds for this purpose, a separate legislative action to appropriate funding has to occur before DOR can spend these receipts.

Because another special district and special district tax are created, the Act modifies several statutory cross-references to existing special districts in order to delineate the various types of districts and their corresponding taxation authority.

Football Stadium Facility Maintenance and Operating Cost Fund

Revenues to the Fund. The Act requires the District board to establish a fund to which the following revenues must be deposited: (a) the amounts derived from the football donations state income tax checkoff; (b) the revenue received from the sale of engraved tiles or bricks; (c) the revenue received from DOT associated with the issuance of professional football team license plates; (d) $500,000 annually from a District fee or charge imposed on the right to purchase admission to events at the stadium facility, pursuant to an agreement with a professional football team; and (e) the annual District sales and use tax revenues that are deposited to the fund. The fund can contain only these revenues, except that the District must credit all earnings on the revenues in the fund to the fund.

Allowable Payments from the Fund. The revenues in the fund can only be used for facility maintenance and operating expenses. Beginning in the third year that occurs immediately after the year in which the District sales and use taxes are first imposed, the following amounts in the following order are to be used to pay the maintenance and operating costs of the football stadium facilities: (a) the $500,000 payment received in that year from a District fee or charge imposed on the right to purchase admission to events at the stadium facility, pursuant to an agreement with a professional football team; (b) the amount received from DOR that is derived from the football donations state income tax checkoff in that year; (c) the revenue received from the sale of engraved tiles or bricks in that year; and (d) the revenue received from DOT related to the issuance of professional football team license plates in that year. These amounts will reduce the annual District sales and use tax proceeds needed for annual maintenance and operating expenses. Amounts deposited in the fund during the first two years, interest earnings of the fund and any excess, annual District sales and use tax revenues deposited to the fund can be used to establish a reserve for future facility maintenance and operating expenses.

Limitation on Capital Improvements and Depreciation. The Act specifies that reserves for capital improvements and depreciation cannot be created in the District football stadium facility maintenance and operating cost fund.

Limitation on District Facility Maintenance and Operating Costs. Unless otherwise provided in an agreement with the professional football team, the District is responsible only for maintenance and operating costs up to the amount in the football stadium facility maintenance and operating cost fund, plus the annual amounts specified to be paid directly from the sales and use tax revenues.

Issuance of Revenue Obligations (Bonds)

Revenue Bond Authority. Under the Act, a bond is any bond, note or other obligation issued under current law governing municipal revenue obligations. All bonds issued by the District are negotiable for all purposes, notwithstanding their payment from a limited source. Neither District board members nor any person executing the bonds are personally liable or accountable for the bonds, unless the personal liability or accountability is the result of willful misconduct.

The District may retain the State Building Commission or any other person as its financial consultant to assist with and coordinate the issuance of bonds. The Building Commission is authorized to serve as a financial consultant to assist and coordinate in the issuance of the District's bonds. The Act creates a program revenue appropriation to which all monies received by the Building Commission from the District for financial consulting services must be deposited for the purpose of paying for those services.

The Act specifies that the District board must certify to DOR when all the bonds, and any bonds issued to refund those bonds, issued for purposes related to football stadium facilities are retired or have been paid in accordance with the defeasance provisions of the authorizing resolution of those bonds. Further, the Act specifies that if the county board determines that all the bonds issued by the District have been retired or defeased, and the District board has not made this certification, the county board may require the District to make the certification to DOR, and the District board must immediately do so.

Limitation on Revenue Bonds. The Act limits the principal amount of revenue obligation bonds, other than refunding bonds, that the District can issue to $160,000,000 and specifies that the bonds, other than refunding bonds, can be issued no later than December 31, 2004. The principal amount of any bonds that are to be used for the following purposes is not subject to the limit on the principal amount of bonds: (a) issuance costs of the bonds; (b) original issue discounts; (c) to make a deposit into any debt service reserve fund; and (d) to pay costs of credit enhancement.

The Act also specifies that the $160 million limit on the amount of District revenue bonds that may be issued is reduced by the amount of any proceeds from a loan obtained by the county within its jurisdiction from the Board of Commissioners of Public Lands that are used for the acquisition, renovation or construction of football stadium facilities.

Construction Reserves. The Act specifies that, between the time of the first issuance of District bonds and the end of the third year that occurs immediately after the year in which District sales and use taxes are imposed, $10 million in funds raised from municipal or county fees for the right to purchase admission to events at the stadium are to be set aside in a construction reserve fund. The investment earnings of this fund must be used to pay costs of constructing football stadium facilities. The principal amount of the construction reserve fund must be applied to the final costs of completing the football stadium facilities financed with bonds, if and to the extent that the Legislative Audit Bureau, upon the request of the District, or the District board, upon the affirmative vote of at least five members, determines that such costs were necessary to complete the football stadium facilities as contemplated in the original agreement between the District and the football team or related party. Any balance in the reserve fund remaining following final completion and payment for the football stadium facilities must be applied to the early retirement of bonds.

General "Special Redemption Fund" Requirements for District Revenue Bonds. The District is provided the same authority to issue revenue obligations (bonds) for District-owned revenue-producing facilities that is provided municipalities of the state, including the procedures for sale and repayment of such bonds. Under these provisions governing municipal revenue obligations, the District must create a "special redemption fund" into which it pays the amounts set aside for the payment of principal and interest on the bonds, and must create and maintain any reserves required by bond ordinance or resolution to secure those payments. The statutory requirement that a system of funds and accounts be created to provide for sufficient revenues to maintain and operate the stadium facilities as a revenue-producing facility also applies to the District.

Bonds Not Public Debt. The Act provides that the state and the county and municipalities located wholly or partly within the District's jurisdiction are not liable for the bonds issued by the District and that the bonds are not debt of the state or such county or municipalities. All bonds are required to contain a statement to this effect. A bond issue does not directly or indirectly obligate the state or a political subdivision to levy a tax or make an appropriation for payment of the bonds. The Act specifies that the District could not create a debt of the state or the county or any municipality located in whole or in part within the District. Bonds issued by the District are payable, and have to state that they are payable, solely from the funds pledged for their payment under the bond resolution or in any trust indenture, mortgage or deed of trust executed as security for the bonds. The state, county or any such municipality are not liable for the payment of principal or interest or for the performance of any pledge, mortgage, obligation or agreement undertaken by a District. A breach of any obligation by the District does not impose pecuniary liability on the state or any county or municipality within the District or a charge upon their general credit or against their taxing power.

The Act further provides that bonds issued by a District may be secured only by: (a) the District's interest in any football stadium facilities; (b) income from these facilities; (c) proceeds of bonds issued by the District; (d) other amounts placed in a special redemption fund and investment earnings on those amounts; and (e) taxes imposed by the District. The District cannot pledge its full faith and credit on the bonds and the bonds cannot be a general obligation liability of the District.

State Pledge. Under the Act, the state pledges to bondholders and persons that enter into contracts with the District that the state will not limit or alter the rights and powers of the District, including the right and power to impose sales and use taxes, before the District has paid its bonds, including interest, and has performed its contracts, unless adequate protection for those adversely affected is provided by law.

Trust Funds. The Act specifies that all bond proceeds or other monies received under the provisions of the Act are considered trust funds to be held and applied only as specified in the Act. Officers or bank and trust companies with which monies are to be deposited must act as trustees, holding and applying the funds for the purposes of the District, subject to the provisions of the Act and the bond resolution.

Provision of Financial Information. Under the Act, the District must provide the Co-chairpersons of the Joint Committee on Finance information concerning the District's projected cashflows and security features underlying each bond issue. The Act does not specify when this information has to be provided.

Issuance of State Moral Obligation Bonds

Special Debt Service Reserve Funds for Moral Obligation Pledge. The Act provides that a District can designate one or more accounts within the "special redemption fund" as a special debt service reserve fund. However, this designation and the requirements associated with this special debt service reserve fund apply only if the District issues bonds backed by the state's moral obligation pledge. This special debt service reserve fund can only be created if, prior to each bond issue, the DOA Secretary determines that all of the following conditions are met with respect to the bonds:

1. *Purpose.* The bond proceeds, other than refunding bonds, will be for purposes related to the football stadium facilities.

2. *Feasibility.* The bond proceeds, other than refunding bonds, will be used for feasible projects. There must be a reasonable likelihood that the bonds will be repaid without the necessity of drawing on funds in the special debt service reserve fund that secures the bonds. The DOA Secretary may make the determination on the feasibility of a project and the likelihood of repayment of the bonds without using the special debt service reserve fund only after considering all of the following:

a. Whether a pledge of tax revenues of the District is made under the bond resolution;

b. How the District's tax revenues are pledged to the payment of the bonds;

c. Revenue projections for the project to be financed by the bonds, including tax revenues, and the reasonableness of the assumptions on which these revenue projections are based;

d. The proposed interest rates on the bonds and the resulting cash flow requirements;

e. The projected ratio of annual tax revenues to annual debt service of the District, taking into account capitalized interest;

f. Whether an understanding exists providing for repayment by the District to the state of all amounts appropriated to the special debt service reserve fund pursuant to the state's moral obligation pledge on bonds issued by the District; and

g. Whether the District had agreed that DOA will have direct and immediate access, at any time and without notice, to all records of the District.

3. *Limit on Bonds Issued Backed by Moral Obligation Pledge.* The principal amount of all bonds, other than refunding bonds, secured by all special debt service reserve funds of the District, which are necessary to secure the state's moral obligation pledge, cannot exceed $160,000,000. The principal amount of any bonds that are to be used for the following purposes is not subject to the limit on the principal amount of bonds: (a) issuance costs of the bonds; (b) original issue discounts; (c) to make a deposit into any debt service reserve fund; and (d) to pay costs of credit enhancement.

The Act also specifies that the $160 million limit on the amount of District moral obligation revenue bonds that may be issued is reduced by the amount of any proceeds from a loan obtained by the county within its jurisdiction from the Board of Commissioners of Public Lands that are used for the acquisition, renovation or construction of football stadium facilities.

4. *Date of Issuance.* The bonds, other than refunding bonds, will be issued no later than December 31, 2004.

5. *Refunding Bonds.* All refunding bonds to be secured by the special debt service reserve fund must meet all of the following conditions:

a. The refunding bonds are issued to fund, refund or advance refund bonds that are secured by the special debt service reserve fund; and

b. The refunding of bonds does not adversely affect the risk that the state will be called on to make a payment under the state's moral obligation pledge.

6. *Approval of Outstanding Debt.* All outstanding debt of the District has been reviewed and approved by the DOA Secretary. In making this determination, the Secretary can consider any factor determined to have a bearing on whether the state moral obligation pledge should be granted with respect to the issuance of District bonds.

7. *Financial Reporting.* The District has agreed to provide DOA, the Legislative Fiscal Bureau and the Legislative Audit Bureau, on a direct and ongoing basis, all financial reports of the District and all regular, monthly statements of any trustee of the bonds.

Special Debt Service Reserve Fund Requirement. The Act provides that the reserve fund requirement, as of any particular date, equals the amount provided in the bond resolution, but can not exceed the maximum annual debt service on bonds of the District for that or any future fiscal year. Bonds deemed to have been paid are not included with the bonds outstanding when computing annual debt service. The annual debt service for any fiscal year equals the aggregate of all interest and principal payments on all bonds, secured in whole or in part by the fund, that are outstanding on the date of the computation and all sinking fund payments scheduled to be made on bonds that mature after that fiscal year. This amount is based on the assumption that bonds will cease to be outstanding only because of the payment of those bonds when due and that all sinking fund payments are made when due.

State Moral Obligation Pledge. The Act provides that if the value of the special debt service reserve fund were to drop below the special debt service reserve fund requirement, the District board must certify the amount necessary to restore the fund to the required amount. The District must certify this amount to the DOA Secretary, the Governor, the Joint Committee on Finance and the governing body of the county in the District. If the certification is received by the DOA Secretary in an even-numbered year, prior to the completion of the compilation of the Department's November 20 budget report, the Secretary must include the certified amount in that report. In any case, the Joint Committee on Finance must introduce a bill in either house that appropriates the certified amount to the special debt service reserve fund of the District. The Act specifies that the Legislature recognizes its moral obligation to make this appropriation, and expresses its expectation and aspiration that, if ever called upon to do so, it would make this appropriation.

Payment of Funds Into the Special Debt Service Reserve Fund. The Act requires that the District pay into the special debt service reserve fund any monies appropriated by the state for the purpose of the fund. Proceeds from a sale of bonds, to the extent specified in the authorizing bond resolution, and any other monies from any source that are made available to the District for this purpose must also be paid into the fund.

Use of Monies in the Special Debt Service Reserve Fund. Under the Act, all monies held in any special debt service reserve fund of the District, unless otherwise provided, can be used solely for the following: (a) the payment of principal of bonds that are secured in whole or in part by the fund; (b) for interest or sinking fund payments on the bonds; (c) for the purchase or redemption of the bonds; or (d) if the bonds are redeemed prior to maturity, for any redemption premiums to be paid on the bonds.

The District cannot use the special debt service reserve fund for any optional purchase or optional redemption of bonds if this would cause the fund balance to drop below the required amounts. Interest earned on the reserve funds can be transferred to other funds or accounts of the District as long as the transfer does not reduce the fund balance below the special debt service reserve fund requirement.

Limitation on Bonds Secured by a Special Debt Service Reserve Fund. The Act requires the District to accumulate in each special debt service reserve fund an amount equal to the special debt service reserve fund requirement. The District cannot issue additional bonds if the amount in the special debt service reserve fund is less than this requirement.

Valuation of Securities. The Act specifies that, in computing the amount of a special debt service reserve fund, securities in which any special debt service reserve funds are invested are valued at par, or if purchased below par, at their cost to the District.

Current Municipal Law that Applies to a District

The Act makes the following modifications to reflect the creation of the District as a local unit of government:

a. A District is defined as a municipality as it relates to revenue obligations and intergovernmental cooperation (this allows cooperation with other units of government, such as cities, villages, towns, counties, school districts, special purpose districts and Indian tribes and bands);

b. Revenues, for the purposes of revenue obligations, are defined, as they relate to a District, to include tax revenues deposited into a special fund and payments into a special debt service reserve fund, both as created under the Act;

c. Revenue bonds issued by a District are subject to the procedures created by the Act, in addition to the procedures established in statute for revenue obligations;

d. For financing purposes, local professional football stadium facilities are considered a public utility, which is one of several provisions in the Act relating to bond issuance that form the legal basis for the District's bonds not being subject to the Wisconsin Constitution's limitation on municipal debt; and

e. The Act amends the statute granting eminent domain powers to any public board or commission to specify that a local professional football stadium district board may not acquire property by condemnation.

Many other statutory provisions apply to the District because of its status as a local governmental unit. Some of these include: (a) worker's compensation, unemployment insurance and state minimum wage laws; (b) the law requiring the payment of prevailing wages on local public works projects; (c) laws governing buildings and safety; (d) the tort and antitrust liability limitation that applies to actions brought against local governmental units; and (e) laws related to participation in the Wisconsin Retirement System and plans for other employe benefits.

License Plate Revenue

The Act requires the Department of Transportation (DOT) to issue special license plates to persons interested in expressing support of a professional football team whose home field is in a football stadium in this state. The Act establishes a $15 issuance and reissuance fee for the plate and an annual fee of $25 (or $50 for vehicles registered on a biennial basis), in addition to the fee for registering the vehicle.

From the revenue generated by the $25 annual (or $50 biennial) fee for each football team plate, DOT can retain an amount equal to the Department's initial costs of data processing related to the creation of the plate, or $35,000, whichever is less. Of the remaining revenue, an amount necessary for the payment of reasonable licensing fees relating to the word or words or the symbol on the plate must be deposited in a newly-created, program revenue (PR) appropriation for making such payments. The revenue remaining after the deduction for initial data processing costs and the payment of licensing fees must be deposited in another newly-created, PR appropriation. From that appropriation, the Department must annually deposit payments into the District football stadium facility maintenance and operating cost fund created under the Act. The amount of any deposit to this fund will equal the sum of money credited to the PR appropriation during the previous fiscal year that is attributable to the professional football team whose home stadium is located in the District. DOT must identify and record the percentage of moneys that are attributable to each professional football team represented by a plate.

DOT must also: (a) consult with the chief executive officer of the professional football team for which a plate is issued and an authorized representative of the corresponding professional football league before specifying the design for the football team plate; and (b) specify one combination of colors for each professional football team for which a plate is issued. DOT is prohibited from issuing any football team plate until six months after the Department receives information sufficient to determine that any approvals required for the use of any logo, trademark, trade name or other commercial symbol designating the professional football team have been obtained.

The Act creates an exception for any football team plate from a provision that prohibits new special group license plates from being authorized after October 1, 1998, except for those designated under a procedure whereby groups apply for a special group plate and deposit $15,500 with the application.

State Income Tax Checkoff

The Act creates an individual income tax checkoff for donations to a local professional football stadium district and specifies that the checkoff first applies to tax years beginning on January 1, 2001. The revenues from the individual income tax checkoff are to be deposited to a District football stadium facility maintenance and operating cost fund to finance a portion of the District's annual facility maintenance and operating costs.

The statutory requirements associated with a person making an endangered resources income tax checkoff apply to the newly-established income tax checkoff, including the requirement that the amount of the checkoff is to be added to the amount of tax owed by the individual or subtracted from the individual's refund. Also, DOR is provided the authority to receive revenues in an amount equal to the cost of administering the income tax checkoff in an existing annual appropriation and to expend revenues from that appropriation for administrative purposes, if approved in a future legislative action.

Tax Exemptions

Sales Tax Exemptions. Construction materials used in the stadium facilities are exempt from the state 5% general sales and use tax under the existing statutory exemption for building materials used to construct, develop or renovate a home stadium for any professional athletic team participating in a multistate league. The exemption applies to all materials used in the construction, renovation or development of property that are exempt under the property tax exemption for professional football stadium facilities described below.

The Act creates a sales tax exemption for a one-time license or other right to purchase admission to professional football games at a football stadium that is granted by a municipality, a local professional football stadium district, a professional football team or related party. The exemption is provided only if the person who buys the license or right is entitled, at the time the license or right is transferred to the person, to purchase admission to at least three professional football games in this state during one football season. The exemption takes effect on the first day of the second month beginning after publication of the Act. The exemption does not apply to a license or right to purchase admission sold after December 31, 2003.

The sales tax applies to admissions to athletic and entertainment events unless specifically exempted by statute. However, the amount paid for a luxury box at a stadium or an arena over and above the cost of admission to the event is considered to be a non-taxable rental of real property. The statutory provisions relating to the treatment of luxury boxes continue under the Act.

Income Tax Exemptions. The Act specifies that income of the District is excluded from taxation under the state corporate income and franchise tax. This provision affords the football stadium district with the same tax-exempt status provided to other local governmental units, including a local professional baseball park district and local exposition districts. The Packers' organization is statutorily exempt from the state corporate income and franchise tax, but is subject to the federal corporate income tax. Wisconsin law provides a broader exemption for nonprofit entities than federal law, which applies primarily to religious, charitable, educational or scientific organizations.

The Act provides exemptions from the state individual income tax and corporate income tax for any interest earned on bonds issued by a local professional football stadium district. Under the statutes, these exemptions also apply to interest income on bonds issued by a local professional baseball park district and local exposition center districts.

These exemptions first apply to tax years beginning on January 1, 2000.

Property Tax Exemption. The Act specifies that the statutory property tax exemption for professional sports and entertainment home stadiums does not apply to football stadiums, as defined in the Act. Instead, the Act establishes a separate exemption for football stadiums that includes property consisting of or contained in a football stadium and related facilities and structures, including those facilities and structures while they are being constructed, which are primarily used by a professional football team, and the land, including parking lots, on which the stadium and those facilities and structures are located. The Act specifies that related facilities and structures are limited to the improvements that share common structural supports with the stadium or are physically attached to the stadium. The Act specifies that the following do not render the property taxable: (a) using the property for garages, restaurants, parks, concession facilities, entertainment facilities, transportation facilities or other functionally-related or auxiliary facilities; and (b) leasing or subleasing the property, regardless of the lessee, the sublessee and the use of the leasehold income. The limitation on the statutory property tax exemption for sports and entertainment facilities and the creation of the new exemption first apply to property tax assessments as of January 1, 2001.

The only substantive change made by creating the separate exemption for football stadiums is that the exemption is limited to improvements that share common structural supports with the stadium or are physically attached to the stadium.

Legislative Audit Bureau

Under the Act, the District is included under the Legislative Audit Bureau's scope of authority. The Legislative Audit Bureau must submit a report to the Co-chairpersons of the Joint Committee on Finance on the financial status of the District. The Act requires that the report be completed as promptly as possible following the end of each state fiscal biennium in which District bonds or notes remain outstanding that are subject to a state moral obligation pledge.

Other Provisions

District Bonds as Investments. State law limits the types of investments that may be made by certain governmental bodies and financial institutions. The Act authorizes the following persons or governmental units or funds to invest in bonds issued by a District: (a) the Board of Commissioners of Public Lands; (b) the State of Wisconsin Investment Board; (c) any county, city, village, town, school district, drainage district or technical college district and governing boards of other governmental entities; and (d) a bank, trust company, savings bank or institution, savings and loan association, credit union or investment company or a personal representative, guardian, trustee or other fiduciary.

Investment of District Funds. The Act provides that the District can invest its monies in the local government investment pool that is managed by the State of Wisconsin Investment Board. The Act specifies that current law governing authorized investments by governmental units does not apply to the District. Instead, the Act allows the District to invest funds in any investment that the District board considers appropriate.

GOVERNOR'S PARTIAL VETOES

Revised Investment Authority for Assets of the Board of Commissioners of Public Lands. Enrolled AB 892 would have specified that if the BCPL acts to delegate the investment of the assets of the Common School Fund, Normal School Fund, University Fund and Agricultural College Fund to the Investment Board, the Investment Board could invest those assets in any manner authorized for the investment of any of the types of funds under the control of the Investment Board. The enrolled bill would have deleted a current statutory limitation that these trust fund assets are controlled and invested only by the BCPL and instead would have authorized the delegation by the BCPL of investment of the assets of each trust fund to the Investment Board. Under this modification, these trust fund assets could have been directly invested by the Investment Board in such investment vehicles as equities, publicly and privately placed mortgage-backed or asset-backed securities or real estate, consistent with the Investment Board's current standard of responsibility for managing investments.

The enrolled bill would have also required the Executive Director of the Investment Board to assign an investment professional to assist the BCPL in establishing and maintaining its investment objectives and would have authorized the deduction of the costs of such services from the gross receipts of the fund to which the invested monies belong. Further, the enrolled bill would have specified that if the BCPL delegates investment authority to the Investment Board, the latter would be directed to deduct its investment management expenses from the gross receipts of BCPL funds to which the interest and income from those investments will be added. Finally, Enrolled AB 892 would have clarified that the Investment Board was to credit all of these investment management expense payments for BCPL investments to the Investment Board's general program operations appropriation.

The Governor's partial veto deletes these provisions.

County Board Involvement in Football Stadium Facility Maintenance and Naming Right Agreements. Enrolled AB 892 would have specified that the District could not impose any sales or use taxes until the county board and the council of the municipality in which the stadium facility is located and the professional football team reach agreements on the following: (a) how to distribute the proceeds from the sale of naming rights related to the football stadium facilities; and (b) how to fund the maintenance of the football stadium facilities.

The Governor's partial veto deletes the requirement that the county board would have to be a party to these agreements.

FISCAL EFFECT

This section provides information on the state and local fiscal effects associated with Act 167. Act 167 could result in a fiscal effect to the state in the following ways: (a) the potential cost of meeting the state's moral obligation on bonds issued by the District; (b) lower state sales and income tax revenues than would otherwise accrue to the state due to the state sales and income tax exemptions provided under the Act; (c) increased DOR administrative costs associated with administering the District sales and use taxes; (d) increased costs to DOA associated with the possible provision of financial consulting services that its Capital Finance Office, as staff to the Building Commission, may perform for the District; and (e) increased costs to the Legislative Audit Bureau associated with the increase in the scope of its audit authority and the additional audits that would be required under the Act.

At the local level, the primary fiscal effect would be associated with the District sales and use taxes. The District, as a unit of local government, could incur debt service and other expenditures under the Act. In addition, the county could receive a portion of the revenues from the District sales and use taxes if approved by the electors of the District at referendum. Brown County, the City of Green Bay and other municipalities located within the District could also incur costs under the Act. Further, the City of Green Bay's revenues could be impacted if the Act results in changes being made to its current stadium lease arrangement with the Green Bay Packers.

State Fiscal Effect

Moral Obligation Pledge. Like other revenue bonds, moral obligation revenue bonds are secured by revenues generated by the enterprise or facility being financed or a dedicated stream of tax or other revenues. In addition, these bonds are secured by a pledge to commit funds from tax sources, subject to the legislative appropriation process, if project or dedicated revenues are insufficient to meet principal and interest payments. Because of this pledge, moral obligation revenue bonds may have interest costs that are lower than other revenue bonds, but higher than general obligation bonds.

The Packers have indicated that the District's share of the stadium facility redevelopment costs would be $160 million, which may be funded from bonds issued by the District. The annual debt service on these bonds would be the first draw on the District sales and use tax revenues. Bear

Stearns, the financial consultant to the Packers on the redevelopment project, indicated that the amortization of the $160 million in debt would be structured so that the District would make smaller debt service payments during the early years of the amortization schedule, with increasing payments in each successive year. This would increase the level of debt service coverage in the early years of the project. Under the projected amortization schedule, the annual debt service would rise to $19.2 million by the 30th year, if the bonds remain outstanding until final maturity.

Revenues for the District would be derived from District-wide sales and use taxes, which could be imposed at a rate of 0.5%. It is estimated that in 2001, 0.5% sales and use taxes in Brown County would generate $16.4 million, net of DOR administrative costs. Further, it is estimated that, while there will be year-to-year variations, on average this amount will grow by 6% annually, which equals the most recent 20-year, average, annual percentage growth in the statewide sales tax base.

One measure used in the bond market to indicate the security of a revenue obligation or bond, which can impact the marketability of a bond, is the debt service coverage ratio. The calculation of a debt service coverage ratio would specify that the annual revenues from a tax or fee supporting the bond must cover future maximum annual debt service by a set percentage at the time of the bond issue. That is, if the maximum projected annual debt service associated with outstanding bonds is $5.0 million, a coverage ratio of 1.5 times would require current tax and fee revenues of $7.5 million. Standard and Poors, a bond rating agency, indicates that most coverage ratios are in the 1.25 to 1.5 range, but can reach three times annual debt service for less stable revenue sources. However, they indicate that obligations backed by broad-based sales taxes tend to require lower coverage ratios.

The debt service coverage ratio may also provide an indication as to whether or not the state's moral obligation pledge would be needed as additional security for the bonds. Using a stringent debt service coverage ratio test, which would assume little or no growth in annual sales and use tax revenues, Bear Stearns indicates that the state's moral obligation pledge would likely be needed to attain an "A" rating from the rating agencies.

The debt service coverage ratio may also provide an indication as to whether or not the state may have to appropriate any funds in the future due to the pledge. Using estimated sales and use tax revenues of $16.4 million in 2001 and projected debt service costs associated with the District, the debt service coverage ratio would be over 1.6 times the annual debt service costs in the first year. Based on a 6% average, annual projected growth in sales and use tax revenue, the ratio would grow to over four times annual debt service in the later years. Therefore, it appears unlikely that the state would incur any future obligations associated with the pledge on $160 million in District bonds. Further, the Act requires that as part of the state's moral obligation pledge as security for District bonds, the DOA Secretary must consider whether an understanding exists with the District that provides that the state would be repaid if any funds were ever appropriated under the pledge.

Sales Tax Exemptions. The Act creates a sales tax exemption for a one-time license fee or other right to purchase admission to professional football games at the stadium. The exemption takes effect on the first day of the second month beginning after publication of the Act.

Based on the Packers' proposal, it is estimated that the sales tax exemption for one-time license fees would result in foregone tax revenues of $5.8 million on a one-time basis. According to the Packers, the payments will be made over a three-year period from 2001 through 2003. An estimated $1.0 million of the foregone revenues would occur in 2000-01, while the remaining $4.8 million of the foregone revenues would occur in the 2001-03 biennium.

Income Tax Exemption for District Bond Interest. Under state law, the interest received by state taxpayers from most bonds issued by local governments is taxable at the state level, and federally tax-exempt. Prior to the Act, the only bonds issued by local governments that were state tax-exempt were: (a) public housing authority or community development authority bonds issued by Wisconsin municipalities; (b) Wisconsin municipal redevelopment authority bonds; (c) local exposition district bonds; and (d) local professional baseball park district bonds.

Under the Act, the interest paid on the District's bonds is exempt from the state's individual income tax. DOR's fiscal note states that if all bonds were issued and held by Wisconsin residents, the income tax exemption would reduce revenues by approximately $650,000 in the first year (2001-02). However, it is believed that the Wisconsin investment market does not have the capacity to absorb the full amount of the bond issue. Based on information on the estimated amount of bonds issued by the Wisconsin Center District and the Southeast Wisconsin Professional Baseball Park District that were sold to Wisconsin residents, it is projected that $20 million of the Football Stadium District's bonds would be purchased by Wisconsin investors if a single $160 million bond issue were sold. It should be noted that this amount could vary significantly depending on how the bond issue is structured.

If it is assumed that most of the Wisconsin investors would be in the top two marginal income tax brackets (6.50% and 6.75% for 2001 and thereafter) and that the bonds would pay an interest rate of 6.2%, the estimated fiscal effect would be a revenue reduction of $80,000 annually in fiscal years 2001-02 through 2003-04. In later years, as some of the debt is retired, the loss of general fund revenues would decline. There would be no fiscal impact in the 1999-01 biennium since interest on the bonds would not be paid until 2001 at the earliest. Bonds purchased by out-of-state investors would have no effect on state income tax revenues.

Department of Revenue Administration. The Act requires DOR to administer the sales and use taxes on behalf of the District and gives the Department the powers necessary to levy, enforce and collect the taxes. DOR is allowed to retain 1.5% of the sales and use tax revenues for costs associated with the administration of the taxes. All monies retained by DOR are to be deposited to a new, sum certain DOR program revenue appropriation for administration of the taxes.

Based on the projected revenues from the District sales and use taxes, it is estimated that DOR would retain approximately $250,000 during the first full year they are collected. The Department indicated in its fiscal estimate to AB 892 that it would need $325,400 in one-time development costs and $201,400 and 2.5 positions in ongoing costs to administer the taxes. Since the Act does not appropriate any funds for these purposes, a separate action to appropriate funding would have to occur before DOR could spend these receipts. If the taxes are imposed, the Department could submit a request for the program revenue funding and positions to the Joint Committee on Finance.

Department of Administration. If the state moral obligation pledge is used for District-issued revenue bonds, the DOA Secretary must make a determination on the feasibility of the projects to be funded with the bonds and the likelihood of repayment of the bonds without using the special debt service reserve funds. DOA's fiscal estimate to AB 892 assumes that the state moral obligation pledge would be used. DOA does not indicate any costs associated with the DOA Secretary's required role related to the moral obligation pledge.

Building Commission. The Building Commission is authorized to serve as a financial consultant to assist and coordinate in the issuance of the District's bonds. It is likely that DOA's Capital Finance Office, which provides financial consulting assistance to the Commission, would provide these services. The Building Commission is allowed to receive monies from the District to pay for any financial consulting services provided to the District. The Act creates a program revenue appropriation to which all monies received by the Building Commission from the District for financial consulting services would be deposited for the purpose of paying for those services.

DOA's fiscal note to AB 892 indicated that the specific costs associated with the Building Commission's role are not known because the District could choose another organization to provide the financial consulting services. DOA's Division of Facilities Development, which staffs the Building Commission, indicates that any costs associated with the Building Commission's role would be minimal.

Legislative Audit Bureau. Under the Act, the District is included under the Legislative Audit Bureau's scope of authority. The Legislative Audit Bureau must submit a report to the Co-chairpersons of the Joint Committee on Finance on the financial status of the District if the District issues bonds backed by a state moral obligation pledge. Further, the Act requires the Legislative Audit Bureau to conduct an annual audit of the District's efforts to achieve the minority participation and women participation hiring and contracting goals. The Legislative Audit Bureau must distribute a copy of these annual audit reports to the District, the Co-chairpersons of the Joint Committee on Finance and the Co-chairpersons of the Joint Committee on Audit.

In its fiscal estimate to AB 892, the Legislative Audit Bureau indicated that the audit and reporting activities could be accommodated within its current operations. The Legislative Audit Bureau also indicates that the minority contracting audit functions included in the Act could be accommodated within its current operations.

Local Fiscal Implications

District Sales and Use Taxes. The Act authorizes a professional football stadium district to impose a 0.5% sales and use tax rate subject to approval at referendum. In addition, the Act allows the county, after approval of a second question at a referendum vote of the electors of the District, to receive the excess revenues associated with the District sales and use taxes after the District meets its obligations for annual bond debt service, payments on any county loans from the Board of Commissioners of Public Lands that are used for football stadium facilities, facility maintenance and operating expenses and District administrative costs.

The fiscal effect on county taxpayers will also depend upon the following: (a) whether the referendum authorizing the county to receive a portion of the District sales and use tax revenue is approved by the electors; and (b) if approved, the amount of excess District sales and use tax revenues that will be used by the county. If the county referendum is approved, the amount of excess sales and use tax revenues after the District meets its annual costs will be available to the county for property tax relief purposes. As examples, four scenarios have been prepared to illustrate the impact that the Act could have on county taxpayers: two scenarios (Scenarios 1 and 3) based on voter approval of the first referendum question only and two scenarios (Scenarios 2 and 4) based on voter approval of both referenda questions and the county using all of its potential share of sales and use tax proceeds to reduce property taxes.

The annual costs paid for by District sales and use taxes would be reduced by the following: (a) an annual $500,000 payment associated with a District fee or charge imposed on the right to purchase admission to events at the stadium facility, pursuant to an agreement with a professional football team; and (b) revenues received from DOT associated with the issuance of professional football team license plates. In addition, any balance that remains in the construction reserve, required under the Act, following final completion and payment for the football stadium facilities must be used for the early retirement of District bonds. The Act requires the deposit of $10.0 million in this reserve, which, if still available once construction and renovation is complete, will reduce the debt service costs that would otherwise have to be funded from the District sales and use taxes.

Further, the Act provides the option that the stadium project could be financed through a 20-year county trust fund loan, rather than District-issued bonds. Scenarios 3 and 4 below provide estimates of the impact on county taxpayers if the stadium project is financed with a county trust fund loan at an annual rate of 6.0% (the current Board of Commissioners of Public Lands interest rate on 20-year loans).

The annual costs funded by the District sales and use tax revenues would also be reduced by the following: (a) the annual revenues associated with a state income tax checkoff; and (b) the annual revenues from the sale of engraved tiles or bricks in, and around, the football stadium facilities. The cost to the county taxpayers indicated under Scenarios 1 and 3 below would be reduced by any amounts received from these sources. Similarly, any revenues received from these two sources would reduce the amount of District costs that would need to be paid for from the sales and use taxes. This would increase the revenues available to the county for property tax relief purposes, compared to those indicated under Scenarios 2 and 4 below.

Scenario 1. This scenario assumes that only Question 1, which would authorize the imposition of 0.5% District sales and use taxes, will be approved by the voters. This scenario also assumes that any excess sales and use tax revenues after these annual costs are covered will be used to retire outstanding bonds and then be used to establish reserves to cover the 30-year maintenance and operating costs of the stadium facilities.

In addition, the projections of the costs to county taxpayers under this scenario include the following adjustments: (a) estimated revenues of $350,000 or $600,000 being generated annually from the issuance of Green Bay Packers license plates (the first level reflects DOT's fiscal estimate for 1999 SB 494, which would have created professional football team plates identical to those under the Act, and the second level reflects the amount if these plates are issued in numbers comparable to the endangered resources plate); and (b) estimates of either no construction reserve funds being available to retire debt or the entire $10.0 million being available for early retirement of bonds. The following table indicates the estimated District sales and use tax revenues that would be needed under this scenario, as affected by each of these differing assumptions. Under this scenario, it is estimated that the sales and use taxes would end in mid-2013 to early 2014, depending on the level of license plate and available construction reserve revenues.

Scenario 1

Allocation of Sales and Use Tax Proceeds
(In Millions)

	District	DOR	Total
$350,000/Year from Plates			
No Prepayment from Reserve	$319	$5	$324
$10 Million Prepayment from Reserve	302	5	307
$600,000/Year from Plates			
No Prepayment from Reserve	$311	$5	$316
$10 Million Prepayment from Reserve	294	5	299

Scenario 2. This scenario assumes that both Question 1 and Question 2 will be approved by voters. In this case, voters would approve the imposition of 0.5% District sales and use taxes and specify that, in general, the county would determine the use of net sales and use tax proceeds not required by the District to meet its annual debt service, District administration and facility

maintenance obligations. Assuming that the county will decide to fully utilize all of these tax proceeds for direct property tax relief, the following table indicates how the District sales and use tax revenues would be allocated, under the same assumptions as under Scenario 1 for license plate and available construction reserve revenues. Lower total tax collections are indicated under the assumption that $10 million in reserve funds would be used to retire bonds. This occurs since the sales and use taxes would end once all bonds are retired and maintenance and operating reserves are fully funded, which would occur earlier in this example. Under this scenario, it is estimated that the sales and use taxes would end in early 2030 if the $10 million in reserve funds are used to retire bonds and at the end of 2030 if this does not occur.

Scenario 2

Allocation of Sales and Use Tax Proceeds
(In Millions)

	District	County	DOR	Total
$350,000/Year from Plates				
No Prepayment from Reserve	$504	$795	$20	$1,319
$10 Million Prepayment from Reserve	474	758	19	1,251
$600,000/Year from Plates				
No Prepayment from Reserve	$494	$805	$20	$1,319
$10 Million Prepayment from Reserve	464	768	19	1,251

Scenario 3. This scenario, similar to Scenario 1, assumes that only Question 1, which would authorize the imposition of 0.5% District sales and use taxes, will be approved by the voters. This scenario also uses the same adjustments relating to the license plate and available construction reserve revenues. However, this scenario assumes that a 20-year county trust fund loan will be used to finance the stadium project, rather than District-issued revenue bonds. Under this scenario, it is estimated that the sales and use taxes would end in mid-2013 to early 2014, depending on the level of license plate and available construction reserve revenues.

Scenario 3

Allocation of Sales and Use Tax Proceeds
(In Millions)

	District	DOR	Total
$350,000/Year from Plates			
No Prepayment from Reserve	$315	$5	$320
$10 Million Prepayment from Reserve	298	5	303
$600,000/Year from Plates			
No Prepayment from Reserve	$308	$5	$313
$10 Million Prepayment from Reserve	291	5	296

Scenario 4. This scenario, similar to Scenario 2, assumes that both Question 1 and Question 2 will be approved by voters. This scenario also uses the same adjustments relating to the license plate and available construction reserve revenues. In addition, it is assumed the county will decide to fully utilize all of these tax proceeds for direct property tax relief. However, this scenario assumes that a 20-year county trust fund loan will be used to finance the stadium project, rather than District-issued revenue bonds. Lower total tax collections are indicated under this scenario than under Scenario 2 because the sales and use taxes would end once the county trust fund loan is repaid and maintenance and operating reserves are fully funded, which would occur earlier under this scenario. Under this scenario, it is estimated that the sales and use taxes would end in early 2029.

Scenario 4

Allocation of Sales and Use Tax Proceeds
(In Millions)

	District	County	DOR	Total
$350,000/Year from Plates				
No Prepayment from Reserve	$384	$763	$17	$1,164
$10 Million Prepayment from Reserve	359	788	17	1,164
$600,000/Year from Plates				
No Prepayment from Reserve	$375	$772	$17	$1,164
$10 Million Prepayment from Reserve	350	797	17	1,164

Other District Fees or Charges. The District has the authority to assess fees or charges for admission to stadium facilities and use the revenues for stadium facility purposes. The fee will be used to generate the $500,000 that must be deposited annually to the football facility maintenance and operating cost fund to fund a portion of the District's facility maintenance and operating costs. While other uses for such fees are not currently known, the Packers indicated that revenue from additional fees that is not needed in the current year could be deposited to a capital improvement fund for the stadium facilities.

City of Green Bay, Brown County and District Municipalities. The City of Green Bay currently receives an annual lease payment for its property related to the existing Lambeau Field of $1.15 million. The City is also required to make payments to a maintenance fund and to fund certain game-related expenses. As a result, the City receives net, annual revenues of approximately $450,000 associated with the lease. While the Act does not indicate whether the City would retain ownership and leasing rights to the stadium, the City has indicated it would like to maintain its current ownership position.

Brown County and any municipality in the District are provided the authority to do the following:

a. Make grants or loans to the District upon terms that the county or municipality considers appropriate;

b. Expend public funds to subsidize the District;

c. Borrow money, by issuing bonds or promissory notes, for football stadium facilities or to fund grants, loans or subsidies to the District; and

d. Lease or transfer property to the District upon terms that the county or municipality considers appropriate.

It is not currently known whether Brown County or any municipality would exercise any of these powers.

Brown County or any municipality in the District can also assess fees or charges for admission to stadium facilities, with the consent of the District, and use the revenues for stadium facility purposes. The Packers have indicated that this provision could allow, if necessary, the City of Green Bay to administer any one-time user fees associated with the redevelopment project. That is, the City could assess and administer the proposed $2,000 per seat user fee and transfer the revenues to the District. The fee revenues could then be used in the construction of the stadium.

The Packers indicated that this method of collecting the user fee would allow all of the fee revenue to be applied to the stadium project. If the Packers collected the fee, the team would have to pay part of the revenue in federal income taxes. This occurs because all of the fee revenue would be included in calculating taxable income in the year when it was received, but only a portion of the team's stadium-related expenditures could be deducted immediately. The remaining project expenditures would be depreciated over time and reduce the team's future federal tax liability. However, the initial increase in federal taxes would reduce the amount of revenue that would be immediately available for the renovation project.

Although the same cash flow advantage would occur if the District collected the user fee, this would jeopardize the ability of the District to issue bonds that are exempt from federal taxation. Federal tax law limits the amount of revenue from private sources that can be received by the entity issuing tax-exempt bonds for a project.

The Packers also have indicated that the authority to assess admission fees could be used to allow the county or municipalities to recover any game day expenses that they incur.